

February 24, 2011

Yolanda Cruz  
President, Municipal Employees' Federation, AFSCME, Local No. 101  
c/o Dr. MLK Jr. Library  
150 E. San Fernando St.  
San Jose, CA 95112-3580

LaVerne Washington  
President, Confidential Employees' Organization, AFSCME, Local No. 101  
c/o City Attorney's Office  
200 East Santa Clara Street  
San Jose, CA 95113

**RE: Information Request Dated February 8, 2011**

Dear Yolanda and LaVerne:

I am in receipt of your information request dated February 8, 2011. This letter responds to the requests where information is readily available. Although some information requested is not relevant to AFSCME, the City will provide information that is readily available.

**1. Data that shows how much money council members, council appointees, and city staff assigned to Unit 99 are paid, before deductions, in calendar-year 2010 as well as the following data that will allow AFSCME to better understand the total cost of employment of each individual.**

While the City does not believe that the information requested is relevant to negotiations with AFSCME, all City employee's total compensation information is available on the City's website, which can be accessed at the link below at:

<http://www.sanjoseca.gov/salary/>

Further, the City provided a response to an information request made by AFSCME dated July 30, 2010, regarding elected City Officials wages and benefits. Portions of this information request appear to be duplicative to the information request already responded to. Therefore, we have reattached our response, which is contained in Attachment A.

**2. A copy of the latest actuarial report**

The most recent actuarial pension and retiree healthcare valuation for the Federated City Employee's Retirement System can be found on the City's Retirement Benefits website, which can be accessed at the link below:

<http://www.sanjoseca.gov/employeeRelations/RetirementBenefits.asp>

**3. A copy of the latest CAFR for the City**

The most recent Comprehensive Annual Finance Report (CAFR) is available on the City's Finance Department's website, which can be accessed at the link below:

<http://www.csjfinance.org/>

**4. A copy of any consultant reports or cost modeling done on the pension plan (including potential changes) in the past two years.**

The City does not have any information responsive to this request.

**5. San Jose General Fund Expenditures**

Information regarding General Fund expenditures is available in the City's adopted budget for each Fiscal Year, which is provided to each bargaining unit. To the extent that you no longer have previous adopted budgets, recent adopted budgets are available on the City's Budget Department's website, which can be accessed at the link below:

<http://www.sanjoseca.gov/budget>

Copies for previous years that are not available online are available at the San Jose public library and/or can be reviewed here at the City. Please let us know if you would like an appointment to review these.

**6. Total City of San Jose Expenditures**

Information regarding expenditures is available in the City's adopted budget for each Fiscal Year, which is provided to each bargaining unit. To the extent that you no longer have previous adopted budgets, recent adopted budgets are available on the City's Budget Department's website, which can be accessed at the link below:

<http://www.sanjoseca.gov/budget>

Copies for previous years that are not available online are available at the San Jose public library and/or can be reviewed here at the City. Please let us know if you would like an appointment to review these.

**7. Number of participants in both the Federated and Safety Plans**

This information can be found in the Federated City Employees' Retirement System Comprehensive Annual Finance Report (CAFR), which is available at the link below:

<http://www.sjretirement.com/Fed/Plan/CAFR.asp>.

Copies for previous years are available at the San Jose public library and/or can be reviewed here at the City. Please let us know if you would like an appointment to review these.

**8. Normal Cost for both the Federated and Safety Plans**

This information can be found in the Federated City Employees' Retirement System Comprehensive Annual Finance Report (CAFR), which is available at the link below:

<http://www.sjretirement.com/Fed/Plan/CAFR.asp>.

Copies for previous years are available at the San Jose public library and/or can be reviewed here at the City. Please let us know if you would like an appointment to review these.

## **9. Employee Compensation for both the Federated and Safety Plans**

City employee's total compensation information is available on the City's website, which can be accessed at the link below:

<http://www.sanjoseca.gov/salary>.

## **10. Employer Contribution for both the Federated and Safety Plans, split by:**

- **Normal Cost and**
- **Contribution to Unfunded Liability**

This information can be found in the Federated City Employees' Retirement System Comprehensive Annual Finance Report (CAFR) and the Police & Fire Department Retirement Plan CAFR, which are available at the links below:

<http://www.sjretirement.com/Fed/Plan/CAFR.asp>

<http://www.sjretirement.com/PF/Plan/CAFR.asp>

Copies for previous years are available at the San Jose public library and/or can be reviewed here at the City. Please let us know if you would like an appointment to review these.

## **11. Employee Contributions for both the Federated and Safety Plans**

This information can be found in the Federated City Employees' Retirement System Comprehensive Annual Finance Report (CAFR) and the Police & Fire Department Retirement Plan CAFR, which is available at the links below:

<http://www.sjretirement.com/Fed/Plan/CAFR.asp>

<http://www.sjretirement.com/PF/Plan/CAFR.asp>

Copies for previous years are available at the San Jose public library and/or can be reviewed here at the City. Please let us know if you would like an appointment to review these.

## **12. Investment returns for both the Federated and Safety Plans (market basis)**

This information can be found in the Federated City Employees' Retirement System Comprehensive Annual Finance Report (CAFR) and the Police & Fire Department Retirement Plan CAFR, which is available at the links below:

<http://www.sjretirement.com/Fed/Plan/CAFR.asp>

<http://www.sjretirement.com/PF/Plan/CAFR.asp>

Copies for previous years are available at the San Jose public library and/or can be reviewed here at the City. Please let us know if you would like an appointment to review these.

### **13. Average Annual Annuity for both the Federated and Safety Plans**

Information regarding the average annual pension payment can be found on the City's Retirement Benefit's Information website, which is available at the link below:

<http://www.sanjoseca.gov/employeeRelations/RetirementBenefits.asp>.

### **14. Average Annual Annuity for those in MEF**

Information regarding the average annual pension payment can be found on the City's Retirement Benefit's Information website, which is available at the link below:

<http://www.sanjoseca.gov/employeeRelations/RetirementBenefits.asp>.

Please note that once an employee retires, the employee is no longer considered and employee related to a union. Therefore, the Retirement System does not differentiate employees who retire from different employee units. As a result, we would not be able to provide information specific to retirees who previously were represented by CEO or MEF.

### **15. Average Annual Annuity for those in CEO**

Information regarding the average annual pension payment can be found on the City's Retirement Benefit's Information website, which is available at the link below:

<http://www.sanjoseca.gov/employeeRelations/RetirementBenefits.asp>.

Please note that once an employee retires, the employee is no longer considered and employee related to a union. Therefore, the Retirement System does not differentiate employees who retire from different employee units. As a result, we would not be able to provide information specific to retirees who previously were represented by CEO or MEF.

### **16. For those retiring in 2006 – 2010:**

- **Average Final Pay for the Federated and Safety Plans**
- **Average Final Pay for those in MEF, CEO, & Unit 99 (separately)**
- **Average Annuity for both the Federated and Safety Plans**
- **Average Annuity for those in MEF, CEO & Unit 99 (separately)**
- **Average Service for both the Federated and Safety Plans**
- **Average Service for those in MEF, CEO & Unit 99 (separately)**
- **Replacement Ratio for both the Federated and Safety Plans**
- **Replacement Ratio for those in MEF, CEO & Unit 99 & all other bargaining groups (separately)**

Information regarding the average annual pension payment can be found on the City's Retirement Benefit's Information website, which is available at the link below:

<http://www.sanjoseca.gov/employeeRelations/RetirementBenefits.asp>.

Please note that once an employee retires, the employee is no longer considered and employee related to a union. Therefore, the Retirement System does not differentiate employees who retire from different employee units. As a result, we would not be able to provide information specific to retirees who previously were represented by CEO or MEF.



## **17. Plan benefit changes in the past 20 years for Federated and Safety Plans**

Information regarding benefit changes can be found in the City Auditor's report titled "Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels - Alternatives for a Sustainable Future," which is available at the link below:  
<http://www.sanjoseca.gov/auditor/AuditReports/1010/1010.pdf>

## **18. Average Pay for both the Federated and Safety Plans**

Average pay for employees in the Federated City Employees' Retirement System is \$78,641 and sworn public safety employees in the Police & Fire Department Retirement Plan is \$108,494.

## **19. Average & Median Pay for those in MEF**

Current annual base average pay for both full-time and part-time employees represented by in MEF is \$42,755. Current annual base median pay for both full-time and part-time employees represented by MEF is \$29,343

## **20. Average & Median Pay for those in CEO**

Current annual base average pay for both full-time and part-time employees represented by CEO is \$79,126. Current annual base median pay for both full-time and part-time employees represented by CEO is \$83,865

## **21. 10-Year cost projection of:**

- DB plan contributions under a status quo scenario
- DB plan contributions under a 'closed to new entrants' scenario
- 'New Hire' projected compensation
- New Hire DC plan contributions, if there is a particular plan being considered

The City does not have information responsive to this request.

## **22. Span-of-Control Issues:**

- **Management personnel in each city department**
- **Non-Management personnel in each city department**

Please see Attachment B, which contains information related to the Full Time Equivalents for each bargaining unit from Fiscal Year 2000/2001 to Fiscal Year 2010/2011.

Sincerely,

/s/

Gina Donnelly  
Deputy Director of Employee Relations

## **Attachment A**

August 23, 2010

Yolanda Cruz  
President, Municipal Employees' Federation, AFSCME, Local No. 101  
c/o Dr. MLK Jr. Library  
150 E. San Fernando St.  
San Jose, CA 95112-3580

LaVerne Washington  
President, Confidential Employees' Organization, AFSCME, Local No. 101  
c/o City Attorney's Office  
200 East Santa Clara Street  
San Jose, CA 95113

**RE: Information Request Dated July 30, 2010- Elected City Officials Wages and Benefits**

Dear Yolanda and LaVerne:

I am in receipt of your information request dated July 30, 2010, related to elected City Officials Wages and Benefits. This letter responds to your requests.

**Wages:**

1. **Total monthly income for Fiscal Years 2008-2009 and 2009-2010 for each elected office holder by name; itemized by type, e.g. stipend(s), allowance(s), reimbursement(s), discretionary expenditures, cell phone including monthly fees and charges, laptop computer including fees and charges, travel costs and reimbursements, car allowances, gas, repairs and insurance.**

Please find attached the information requested for Fiscal Years 2008-2009 and 2009-2010 (Attachment A). Please note the following:

- There may be differences in the compensation for each fiscal year due to the number of pay periods in a fiscal year. We did not adjust the data for accruals between fiscal years.
- Differences in Retirement and fringe benefits costs are due to several variables (coverage through different carriers; individual or family coverage; retirement plan participation, etc.)
- Councilmember Herrera assumed office in mid-December 2008 and received pro-rata compensation; Councilmember Kalra took office January 1, 2009.

## **Benefits**

### **1. Health Insurance:**

#### **a. Plan(s) document(s)**

Elected City Officials have the same health plan options as other City employees. The plan documents are available on the City's website at: <http://www.csj.gov/hr/benefits/ip.asp>.

#### **b. Premium amount paid by City**

Elected City officials have the same health plan cost sharing as employees in the City's Executive Management and Professional Employees Unit (Unit 99). The health plan rates are available on the City's website at:  
<http://www.csj.gov/hr/benefits/documents/2010HealthPlanRateSheetPP14-25.pdf>.

#### **c. Premium amount paid by office holder**

Elected City officials have the same health plan cost sharing as employees in the City's Executive Management and Professional Employees Unit (Unit 99). The health plan rates are available on the City's website at:  
<http://www.csj.gov/hr/benefits/documents/2010HealthPlanRateSheetPP14-25.pdf>.

### **2. Dental Insurance**

#### **a. Plan(s) document(s)**

Elected City Officials have the same dental plan options as other City employees. The plan documents are available on the City's website at: <http://www.csj.gov/hr/benefits/ip.asp>.

#### **b. Premium amount paid by City**

Elected City officials have the same dental plan cost sharing as employees in the City's Executive Management and Professional Employees Unit (Unit 99). The dental plan rates are available on the City's website at:  
<http://www.csj.gov/hr/benefits/documents/2010HealthPlanRateSheetPP14-25.pdf>.

#### **c. Premium amount paid by office holder**

Elected City officials have the same health plan cost sharing as employees in the City's Executive Management and Professional Employees Unit (Unit 99). The dental plan rates are available on the City's website at:  
<http://www.csj.gov/hr/benefits/documents/2010HealthPlanRateSheetPP14-25.pdf>.

### **3. Life Insurance**

#### **a. Plan(s) document(s)**

Elected City Officials have the same life insurance benefit as Unit 99. The plan documents are available on the City's website at: <http://www.csj.gov/hr/benefits/ip.asp>.

#### **b. Premium amount paid by City**

The rate documents are available on the City's website at: <http://www.csj.gov/hr/benefits/ip.asp>.

#### **c. Premium amount paid by office holder**

The rate documents are available on the City's website at: <http://www.csj.gov/hr/benefits/ip.asp>.

### **4. Auto Insurance**

The City does not provide auto insurance to elected officials.

### **5. Retirement**

#### **a. Contract between City and CalPERS**

The CalPERS plan document is attached (Attachment B).

#### **b. Monthly City contributions expressed as dollars and as a percentage of monthly income**

The contribution rates are contained in the CalPERS actuarial valuation dated, October 2009, which is attached (Attachment C). This was already provided to AFSCME in an information requested dated May 21, 2010.

This document provides the current contribution rate. Actual dollar amount and percentage of monthly income depends on time period requested and monthly income of that person. Depending on what you are looking for, AFSCME should be able to calculate this with the information provided in request #1.

#### **c. Monthly office holder contribution expressed as dollars and as a percentage of monthly income**

The contribution rate for elected officials is 7%. Actual dollar amount and percentage of monthly income depends on time period requested and monthly income of that person. Depending on what you are looking for, AFSCME should be able to calculate this with the information provided in request #1.

#### **d. Identify specific compensation sources used to determine final compensation for retirement benefits**

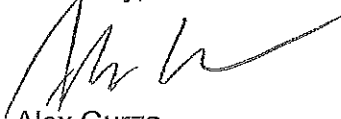
This information is contained in the documents listed above.

**6. Retiree Health Benefits**

- a. Plan Document(s)**
- b. Premium paid by City**
- c. Premium paid by office holder**

Elected officials do not receive retiree healthcare benefits.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Gurza', with a long horizontal flourish extending to the right.

Alex Gurza  
Director of Employee Relations

# **Attachment A**



City of San Jose Elected Officials Wage and Benefit Expenses

Fiscal Year 2009-2010  
PP 15 - PP 13

Name	Compensation	Car Allowance	City Contributions			Reimbursements	Total
			Retirement	Fringe Benefits			
Mayor Chuck Reed	\$ 108,860.85	\$ -	\$ 16,106.74	\$ 9,145.81	\$ 20.00	\$ 134,133.40	
District 1, Pete Constant	\$ 93,353.58	\$ 4,200.00	\$ 13,289.72	\$ 2,256.66	\$ 715.93	\$ 113,815.89	
District 2, Ash Kalra	\$ 86,650.94	\$ 7,200.00	\$ 13,289.72	\$ 8,342.13	\$ 234.22	\$ 115,717.01	
District 3, Sam Liccardo	\$ 86,650.94	\$ 7,200.00	\$ 13,289.72	\$ 8,339.10	\$ 900.00	\$ 116,379.76	
District 4, Kansen Chu	\$ 86,427.77	\$ 5,400.00	\$ 13,255.41	\$ 15,725.23	\$ 33.00	\$ 120,841.41	
District 5, Nora Campos	\$ 90,234.86	\$ 7,200.00	\$ 13,289.72	\$ 10,424.94	\$ 238.50	\$ 121,388.02	
District 6, Pierluigi Oliverio	\$ 89,688.34	\$ 7,200.00	\$ 13,289.72	\$ 2,243.59	\$ -	\$ 112,421.65	
District 7, Madison Nguyen	\$ 87,550.94	\$ 7,200.00	\$ 3,249.41	\$ 15,885.46		\$ 113,885.81	
District 8, Rose Herrera	\$ 86,650.94	\$ 7,200.00	\$ 3,249.41	\$ 15,878.28	\$ -	\$ 112,978.63	
District 9, Judy Chirco	\$ 86,650.94	\$ 7,200.00	\$ 13,289.72	\$ 15,842.51	\$ -	\$ 122,983.17	
District 10, Nancy Pyle	\$ 85,534.58	\$ 7,200.00	\$ 13,118.41	\$ 15,847.30	\$ -	\$ 121,700.29	

Fiscal Year 2008-2009  
PP 15 - PP 14

Name	Compensation	Car Allowance	City Contributions			Reimbursements	Total
			Retirement	Fringe Benefits			
Mayor Chuck Reed	\$ 105,919.20	\$ -	\$ 16,183.44	\$ 14,773.91	\$ -	\$ 136,876.55	
District 1, Pete Constant	\$ 96,169.17	\$ 7,200.00	\$ 13,864.48	\$ 2,101.40	\$ 188.51	\$ 119,523.56	
District 2, Ash Kalra*	\$ 46,961.56	\$ 3,600.00	\$ 6,774.44	\$ 3,916.80	\$ 705.24	\$ 61,958.04	
District 3, Sam Liccardo	\$ 90,601.19	\$ 7,200.00	\$ 13,864.48	\$ 7,727.18	\$ 855.00	\$ 120,247.85	
District 4, Kansen Chu	\$ 89,971.19	\$ 7,200.00	\$ 13,864.48	\$ 14,633.35	\$ 452.75	\$ 126,121.77	
District 5, Nora Campos	\$ 96,341.35	\$ 7,200.00	\$ 13,864.48	\$ 3,177.57	\$ 28.50	\$ 120,611.90	
District 6, Pierluigi Oliverio	\$ 92,776.11	\$ 7,200.00	\$ 13,864.48	\$ 2,054.21	\$ 332.00	\$ 116,226.80	
District 7, Madison Nguyen	\$ 90,971.19	\$ 7,200.00	\$ 3,373.98	\$ 14,661.44	\$ -	\$ 116,206.61	
District 8, Rose Herrera**	\$ 47,769.25	\$ 3,988.24	\$ 1,791.38	\$ 8,145.73	\$ -	\$ 61,694.60	
District 9, Judy Chirco	\$ 89,971.19	\$ 7,200.00	\$ 13,864.48	\$ 14,637.22	\$ 81.64	\$ 125,754.53	
District 10, Nancy Pyle	\$ 89,971.19	\$ 7,200.00	\$ 13,864.48	\$ 14,693.68	\$ 420.00	\$ 126,149.35	

Compensation: Salary, HLF, TPC, DIL, HLS  
Retirement: PERS, PTC  
Fringe: Unemployment, Medical, Dental, Tax, BAF, Basic Life Insurance, EAP  
Reimbursement: Travel, Supplies, Cell  
\* Start 1/1/09  
\*\* Start 12/17/08

# **Attachment B**

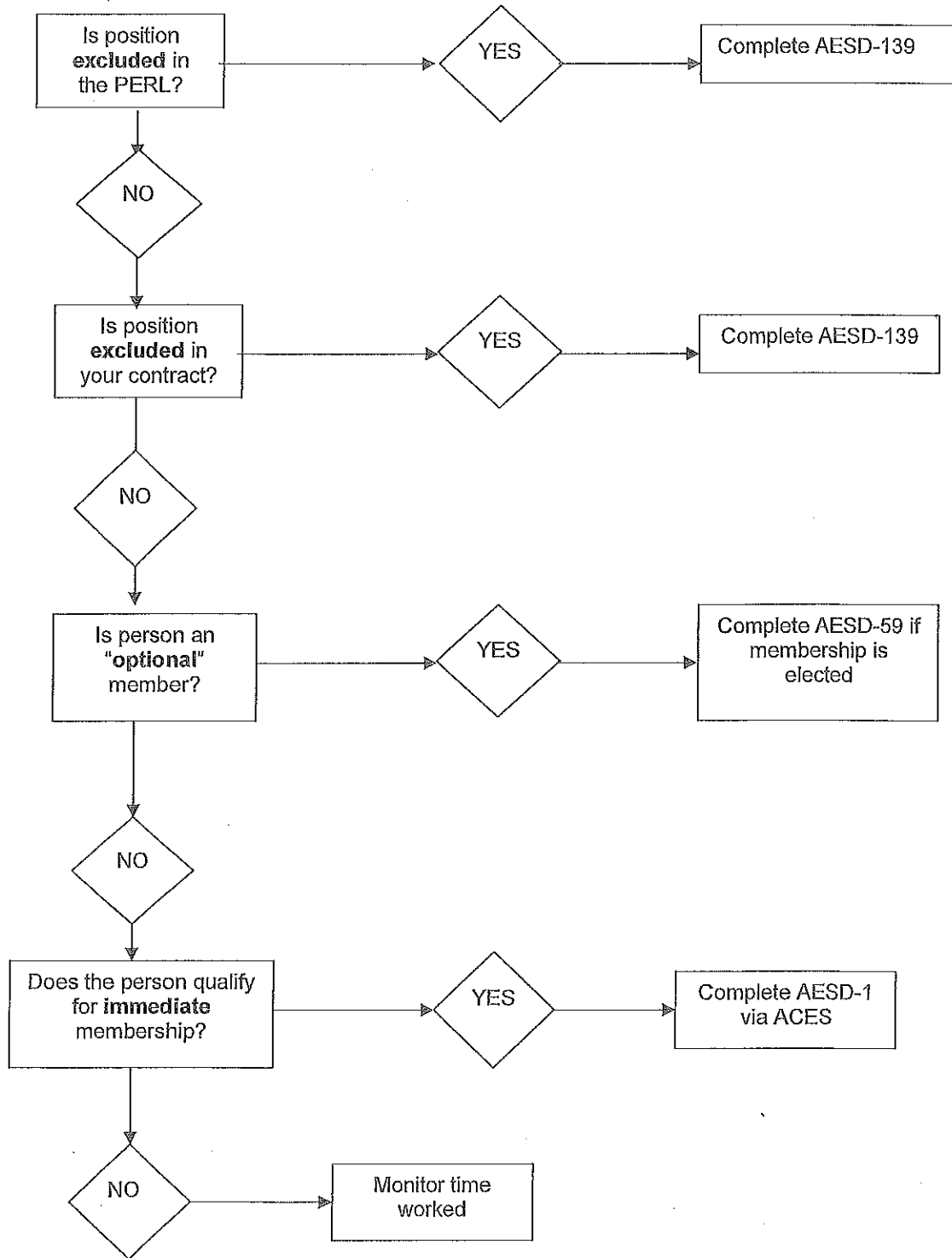
# MEMBERSHIP PROCEDURES

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*The information provided in this publication is for your convenience and reference as a general guide only and cannot be relied upon as an authoritative source for the law, practices, or policies of CalPERS. While CalPERS tries to include only accurate, timely and complete information in its publications, summaries, guidelines and other advisory printed materials, sometimes information provided in printed materials may be or become inaccurate, untimely, incomplete, unclear or misleading. In all instances, the law then in effect, not this publication, controls the application of the Public Employees' Retirement Law. It is the reader's responsibility to independently verify the accuracy of the information contained in this publication before engaging in a course of action.*

## DETERMINING MEMBERSHIP ELIGIBILITY



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## POSITIONS EXCLUDED BY RETIREMENT LAW (PERL) FROM CALPERS COVERAGE

The following is a list of positions that are excluded from CalPERS coverage as stated by California Public Employees' Retirement Law (PERL):

### PERSONS WHO ARE NOT "EMPLOYEES" OF A CALPERS-COVERED AGENCY

Only compensated "employees" of agencies contracting with CalPERS for retirement coverage are eligible for CalPERS membership. CalPERS uses the "Common Law Control Test" as a guide to determining whether or not an individual is an employee, as well as which entity (if more than one) is purportedly employing a worker.

The Supreme Court decision in the case of Metropolitan Water District of Southern California v. Superior Court of Los Angeles (32 Cal. 4<sup>th</sup> 491) may be referenced for additional guidance in this area. The Court concluded that the law "requires contracting public agencies to enroll in CalPERS all common law employees except those excluded under a specific statutory or contractual provision." This decision also cited the Tieberg v. Unemployment Ins. App. Bd. Case (2 Cal.3<sup>rd</sup> 949), which stated that, "The right to control the means by which the work is accomplished is clearly the most significant test of the employment relationship."

### INDEPENDENT CONTRACTORS

Independent contractors are not "employees" and are excluded from membership in CalPERS by G.C. section 20300(b). An independent contractor is someone who contracts to do a piece of work according to his/her own methods, and is subject to his/her employer's control only as to the end product or final result of work, and not as to the means and manner by which the work is performed.

CalPERS also uses the "Common Law Control Test" as a guide to determining independent contractor status.

A "contract employee" (i.e., a common law employee who periodically signs an employment contract) is eligible for CalPERS membership, if otherwise qualified.

#### NOTE:

CalPERS commonly corresponds with agencies (e.g., sends a questionnaire to be completed by both the worker and the employer) in order to determine whether a worker is an "employee" of a CalPERS covered agency, an employee of a non-CalPERS agency, or an independent contractor. It is important that such questions be answered authoritatively by an appropriate certifying officer at your agency, since the employer may be liable for arrears costs (if membership is determined to be retroactively applicable), or for service credit purchased by the employer, if the worker is found to be an "employee" of your agency.

### MEMBERS OF OTHER RETIREMENT SYSTEMS

Persons who are receiving credit in another public retirement system (federal, state, county, city, or other local) are excluded from receiving credit with CalPERS for that same service by G.C. section 20303.

#### NOTE:

Persons can have actively-employed membership in two or more public retirement systems (e.g., STRS and CalPERS), as long as it is for different positions.

### ELECTED OR APPOINTED OFFICERS

G.C. sections 20322-20325 exclude certain public officers and employees from membership unless an election is filed with CalPERS to elect membership. Those persons qualifying for such optional membership are predominately, but not exclusively, elective and appointive officers of public agencies and schools.

Refer to the "Optional Members of CalPERS" section for more complete information to determine who is thus excluded, but also eligible under "optional" member provisions.

## **STUDENT ASSISTANTS/AIDES**

A student in public school who is also employed in the same district in which he/she is a student and whose student status is a prerequisite for employment, is excluded from CalPERS membership by G.C. section 20300(c).

## **TEMPORARY TEACHER-ASSISTANT CERTIFICATE**

Persons employed as teacher-assistants under Education Code section 44926 (who possess a temporary certificate to serve as a teacher-assistant, and are enrolled in a California teacher training institution) are excluded from CalPERS membership by G.C. section 20300(d).

## **PROFESSIONAL LEGAL SERVICES TO A CITY**

Persons rendering professional legal services to a city are excluded under G.C. section 20300(h) with the exception of persons in one of the following offices/positions:

1. The office of city attorney;
2. The office of assistant city attorney; or
3. An established position of deputy city attorney.

However, a city attorney, assistant city attorney, or deputy city attorney, may also be eligible for the "optional" member provisions of G.C. section 20322. Refer to the "Optional Members of CalPERS" section for further information.

## **INMATES OF PUBLIC AGENCY INSTITUTIONS**

Such persons (e.g., a prison/penitentiary or mental hospital) are excluded from CalPERS membership by section 20300(a), even if receiving compensation for such services as they perform.

## **BOARD MEMBERS OF THE STATE COMPENSATION INSURANCE FUND**

Board Members of the State Compensation Insurance Fund, including those appointed by the Governor.

## **ADDITIONAL INFORMATION**

### **CONTRACT EXCLUSIONS (PUBLIC AGENCIES ONLY)**

Section 20502 gives CalPERS authority to grant to contracting agencies exclusions from CalPERS coverage. Such exclusions may not be made for individual employees (e.g., City Manager, Fire Chief, etc.) but must be for groups of employees, in categories such as by departments or duties (e.g., Lifeguards; Crossing Guards; federally-funded non-civil service employees, etc.).

Any current exclusions in your agency's CalPERS contract will be shown in your Annual Employer Statement. CalPERS Board Resolution MSD-97-01 provides the criteria used to review and approve/deny requested contract exclusions. As a general guideline, the exclusion of groups of employees who are career employees, or could reasonably be anticipated to become career employees, is not permitted.

Such exclusions, when granted, are effective only with respect to future entrants into such a group; persons employed in this group prior to the exclusion are not affected by the addition of such an exclusion, even if they have not yet qualified for CalPERS membership.

### **INVALID/SUPERSEDED CONTRACT EXCLUSIONS**

There are some agencies with contract exclusions which were granted prior to January 1, 1975, where the basis for the exclusion was the "temporary" or "seasonal" employment base of the employees. Such exclusions have been superseded by section 20305; therefore, such exclusions no longer apply with respect to employees entering such employment after January 1, 1975.

Section 20305(b) states that this section "shall supersede any contract provision excluding persons in any temporary or seasonal employment basis and shall apply only to persons entering employment on or after January 1, 1975. Except as provided in Section 20502, no contract or contract amendment entered into after January 1, 1981, shall contain any provision excluding persons on an irregular employment basis."

Employees not excluded by contract must still meet the normal criteria for membership in CalPERS.



## "OPTIONAL" MEMBERS OF CALPERS

### NOTE:

Changes in legislation have made "optional" member eligibility determinations more complex. This section provides basic information by employer and/or "optional" position category to assist in making those determinations. However, if you have any questions concerning "optional" membership eligibility or rights, we encourage you to contact us.

The Government Code provides "optional" membership rights for certain public officers and employees. Those eligible "optional" members" are excluded from membership unless and until a written election for membership is filed with CalPERS. (Refer to the ***Election of Optional Membership*** (PERS-AESD-59) section for instructions on how to establish "optional membership." This form can be downloaded on CalPERS Web site.) Membership becomes effective from the date the election is signed and sent to CalPERS.

Once membership has been elected, an "optional" member may elect to contribute and receive service for previous qualifying employment. See the publication ***CalPERS Service Credit Purchase Options*** (PUB-12) for more information.

When an optional member purchases credit for prior employment, it will not change the membership date.

### GENERAL PRINCIPLES

1. Elected or appointed officials who do not receive "compensation" other than reimbursement of expenses (or who waive such compensation) can not be reported in membership, or receive service credit.
2. Once membership is elected and established, "optional" members are generally subject to the same CalPERS laws and regulations that apply to compulsory members (except as stated below).
3. There is no government code provision to allow for cancellation of membership prior to separation from employment. Once elected, membership must be continued for all future

consecutive "optional" member positions with the same employer as long as the future positions are not excluded by law or contract.

4. For members of a City Council or County Board of Supervisors first elected or appointed on or after July 1, 1994 (unless continuously in employment since June 30, 1994), "final compensation" at retirement for service in this office will be based *only* on salaries earned in such office. (G.C. section 20039)
5. Optional members as listed below receive full-time service credit and are deemed "full-time" employees for all CalPERS purposes (G.C. section 20899). Therefore, contract exclusions of less than full-time employees do not apply to them. NOTE: Such "full-time" status may result in an "overtime" situation, if the member has any other concurrent CalPERS positions. (See "Overtime Positions" section for more information.)

Optional members at public agencies and schools are those defined by G.C. section 20322, to include the following groups:

### ELECTIVE OFFICERS

Persons elected by vote of the people (e.g., Mayor, City Council members, County Supervisors, Sheriff, District Attorney, City Clerk, etc.). This also includes persons who are appointed to fill the unexpired office of an elective officer (e.g., a person appointed by a City Council to fill the remainder of a term for a member who resigns, or dies in office).

### NOTE:

County Board of Education members are considered, for CalPERS purposes, as "employees" of the county, rather than employees of the County Superintendent of Schools, even if the board is fiscally independent of the county. Therefore, the county must contract for CalPERS coverage for such persons to be eligible, unless it provided G.C. section 20361.2 prior to its repeal effective July 1, 1994.

## APPOINTIVE OFFICERS OF A CITY OR COUNTY

Persons who are appointed to a "fixed term of office" with a city or county are included in the definition of "elective officer" by section 20322(b). Such officers are listed in G.C. sections such as 24000, 36501, etc.

### CITY ATTORNEY

Persons holding this office, provided they are common law employees, are eligible for "optional" membership in certain conditions:

- Prior to March 4, 1972, an elected City Attorney was an "optional" member. (An appointed City Attorney was not, but was subject to compulsory membership, if meeting the normal time base/appointment length qualifications for membership.)
- From March 4, 1972 through June 30, 1994, all City Attorneys were defined as "elective officers" and thus "optional" members whether or not they were actually elected to office.
- After July 1, 1994, all City Attorneys are excluded from the definition of "elective officer." Thus, even if they are elected to office, they no longer are considered "elective officers" or "optional" members for CalPERS purposes. Consequently, they must now meet the normal time base/appointment length qualifications for membership. In addition, City Attorneys must take an oath prescribed by the constitution before entering the office. Failure to take and file the constitutional oath of office results in a vacancy in the office.

In addition to these, between January 1, 1986 and June 30, 1994, an Assistant/Deputy City Attorney in a city that had contracted for section 20361.3 (now repealed, but still applicable for an agency that contracted for it while it was law) was included in the definition of "elective officers," and was thus an "optional" member - even though the individual had not been elected to office.

### PART-TIME EMPLOYEES

Employees can contract for Section 20325, to allow all part-time employees who work less than 20 hours a week for one year or more to elect "optional" membership. However, few

employers contract for this provision.

If such an amendment or resolution is adopted, all employees eligible to elect membership are automatically subject to the same Social Security coverage provided for members whether or not they elect membership. If such an eligible employee wishes to elect "optional" membership, they should complete the ***Election of Optional Membership - Part-Time Employee (PERS-AESD-229)*** form, which can be downloaded from the CalPERS Web site.

### EXCLUSIONS FROM MEMBERSHIP

Since July 1, 1994, a large number of persons who formerly had "optional" membership rights have been excluded from membership entirely. Thus, not only are they no longer "optional" members, they are no longer eligible for CalPERS membership at all.

Those excluded are members of commissions, boards, councils, or similar legislative or administrative bodies (e.g., water districts, sanitation districts, redevelopment agencies, transportation commissions, etc.). Regular employees of such agencies are not excluded; only the "members" of the governing board of such bodies.

City Council members and members of a County Board of Supervisors are specifically not excluded from membership by these law changes, and remain eligible for "optional" membership (G.C. section 20322(c)).

Elective/appointive officers who are not serving on "administrative bodies" also remain eligible to elect "optional" membership (e.g., District Attorney, City Clerk, County Counsel, City Treasurer, etc.).

The exclusions only apply to persons first elected or appointed to office on or after July 1, 1994 (or on or after January 1, 1997), who did not continuously remain in their office.

A person who was first elected/appointed prior to July 1, 1994 and who continuously remained in this office, does still have the right to elect "optional" membership. For example, a person who was elected in 1990 and has remained continuously in the same office but has not yet elected "optional" membership, has the right to elect membership; whereas a person first elected

in 2000 does not have the right, and would be excluded from membership. The excluded positions are:

**SCHOOL BOARD MEMBERS**

Are excluded if they are first elected/appointed to their position July 1, 1994 or later (unless they have been continuously in the same position since before July 1, 1994).

**ELECTED/APPOINTED OFFICERS OF ADMINISTRATIVE BODIES OF NON-CITY/COUNTY CONTRACTING AGENCIES**

Members with a contracting agency other than a city or county are excluded if they are first elected/appointed to their position July 1, 1994 or later (unless they have been continuously in the same position since before July 1, 1994).

**ELECTED/APPOINTED OFFICERS OF ADMINISTRATIVE BODIES OF ANY CONTRACTING AGENCIES**

Members are excluded if they are first elected/appointed to their position January 1, 1997 or later (unless they have been continuously in the same position since before January 1, 1997). As stated above, City Council members, and County Supervisors are not excluded.

## CALPERS MEMBERSHIP ELIGIBILITY

If a person is currently a member of CalPERS (i.e., has contributions/service on account that have not been refunded), the person cannot be excluded from membership due to her/his time base (e.g., working less than 20 hours per week) or appointment length (e.g., 90 days). Therefore, persons who are currently members of CalPERS do not need to re-qualify for membership. This applies even if their membership was established through employment with another CalPERS agency, or if they are not currently working (i.e., are on inactive status) with a CalPERS-covered agency.

A CalPERS member should not continue to be reported in membership when:

- The person enters a position that is excluded by law (other than due to time base/appointment length), or by an agency's contract.
- The person enters a position eligible for optional membership; the individual must submit an election of optional membership in order to be a member in such a position. (See "Optional Members of CalPERS" section for more information.)
- The person enters a position that is also in membership with another public retirement system. (See "Positions Excluded by Retirement Law (PERL) from CalPERS Coverage" section.)
- The person is subject to an Alternate Retirement Plan (ARP) under G.C. section 20306. (See discussion later.)
- The position is deemed to be an Overtime position (i.e., the person is working more than a full-time CalPERS-covered position; see discussion of "Overtime Positions" later).
- The person is legally working after retirement. (The laws for post-retirement employment are different from the laws for membership; refer to the "Employment of a Retiree" section later for more information.)

If a person has retirement contributions/service credit on deposit with CalPERS, or if they have met the criteria for membership (e.g., have completed 1,000 hours of service in a fiscal year) but have not actually been enrolled yet, they are by law a member of CalPERS, even if the employer has not yet reported payroll to CalPERS on their behalf.

Once in membership, a person remains in membership until (1) they take a refund of contributions after permanently separating from CalPERS-covered employment, or (2) they retire.

You can determine whether or not a person is currently a member of CalPERS by:

1. Asking the employee (be aware that some employees may be mistaken about this),
2. Using the Participant Inquiry function of the ACES system, and/or
3. Contacting the CalPERS Employer Contact Center.

It is recommended that an employer retain documentation (e.g., **Notice of Exclusion From CalPERS Membership Form** PERS-AESD-139 on which the employee indicates "Not a CalPERS member"; or printouts of the ACES Participant Inquiry screen, etc.) to demonstrate that such an inquiry was made, in order to guard against possible G.C. section 20283 liability in the future.

It is also recommended that employers determine whether the employee has any other CalPERS-covered employment that could potentially place the employee in an "overtime" situation (e.g., if the employee is working more than full-time), to avoid having to make adjustments later.

## IMMEDIATE MEMBERSHIP UPON HIRE

Many employees should enter CalPERS membership immediately upon employment (G.C. section 20281), namely:

- Employees hired to work full-time more than six months.
- Employees working "regular, part-time service," who work "at least an average of 20 hours a week" for one year or longer.

However, there are also some employees who must work a certain number of hours/days (commonly referred to as "qualifying time") before they are eligible for membership, and who therefore should be carefully monitored, such as the following:

### FULL-TIME EMPLOYEES

CalPERS considers full-time employment to be between 34 and 60 hours per week. Employers generally have the ability to determine what constitutes full-time for an employee provided that the employee works between 34 and 60 hours per week. However, G.C. section 20636.1 specifies that for all non-certificated school members full-time is considered 40 hours per week. This means that all hours up to 40 per week must be reported to CalPERS for non-certificated school members at the straight time rate.

Persons in full-time employment whose appointment/employment does not fix a term of employment longer than six months should be monitored; if full-time employment actually continues for more than six months, membership is compulsory, and the effective date of membership can not be later than the first day of the first pay period of the seventh month of employment.

### LESS THAN FULL-TIME EMPLOYEES

The most important and commonly used standard to consider for the membership eligibility of less than full-time employees is whether they work 1000 hours (if paid on an hourly basis) or 125 days (if paid on a daily or per diem basis) in a fiscal year (July 1 through June 30). (G.C. section 20305(a)(3)(B) states that 125 eight-hour days equals 1000 hours.)

Since the "overtime" provisions of section 20635 apply only to members of CalPERS, overtime service is included in computing the 1000 hours or 125 days.

Time during which the member is paid for time excused from working due to vacation, sick leave, etc., is included in the 1000 hours.

### QUALIFICATION WHEN WORKING MORE THAN ONE POSITION

These criteria above can be met by employees who are working more than one position under the same employer; therefore, service with all positions with an employer (including both safety and miscellaneous positions) should be considered in determining membership. For example, a person working a permanent 10-hour a week position, and a permanent 12-hour a week position with the same employer, would qualify for immediate membership, by virtue of combining the service of both positions to meet the 20-hour a week minimum.

All employees of a school district - with the sole exception of School Safety Members - are considered to be employees of the County Superintendent of Schools, and thus of the same employer for CalPERS purposes; (G.C. section 20610). Therefore, service with different districts (including charter schools) within the same county should be added together for purposes of meeting the membership criteria.

Service with different CalPERS-covered agencies, however, such as a city and a special district; or a school district and a State agency or school districts in two different counties, should not be combined for membership qualification purposes.

A school district/county office of education that contracts separately for "school safety members," or that participates in a risk pool, is a separate "public agency" by law, and therefore such service would be kept separately when determining qualification.

## EMPLOYEES WHO MUST BE MONITORED

Qualification for membership is reached when:

1. The person's full-time employment continues longer than six months (e.g., an employee may have been hired on a full-time indefinite basis to fill in for a worker who is out due to serious illness for an unknown period of time, where the worker ends up working more than six months). In such case, the effective date of membership is not later than the first day of the first pay period of the seventh month of employment (e.g., if employee completes six months of employment on September 23<sup>rd</sup>, she or he should be enrolled no later than the first pay period of October).
2. The person works 1,000 hours in a fiscal year (if paid on other than a daily or *per diem* basis). Any overtime hours worked are counted toward these 1,000 hours. Time during which the member is paid for time excused from working due to vacation, holiday pay, sick leave, etc., is included in the 1,000 hours.
3. The person works more than 125 days in a fiscal year (if paid on a daily or *per diem* basis). For this purpose, "day" means each 8 hours of compensated service; e.g. a firefighter working a 24-hour shift is working 3 such "days" per shift.

In cases where employees qualify based on completing 1,000 hours or 125 days, membership becomes effective no later than the first day of the first pay period of the month following the month in which 1000 hours or 125 days were completed (e.g., if an employee completes 1,000 hours on May 31<sup>st</sup>, membership can be effective no later than the first/next June pay period. If the employee completes 1,000 hours on June 1<sup>st</sup>, membership can be no later than the first July pay period).

## SUMMARY OF GENERAL PRINCIPLES

The general principles to follow to determine when and if someone is eligible for membership (if not excluded by contract or by law) are as follows:

1. Persons who are already members of CalPERS are not excluded from membership because they are working less than full-time. [G.C. section 20305(a)(1)]
2. Non-members enter membership immediately upon appointment to a position with one of the following conditions:
  - a. The appointment/employment contract (written or verbal) fixes a term of full-time, continuous employment in excess of six months.
  - b. The position requires regular, part-time service for at least an average of 20 hours per week for one year or longer.
3. Persons not meeting either of these conditions must be monitored to determine when and if they qualify for membership by working 1,000 hours or 125 days in a fiscal year.

It must be emphasized that not all employees must work 1,000 hours before qualifying for CalPERS membership, but only employees who are not already members, and those not meeting the "full-time, more than 6 months" or "at least an average of 20 hours per week for one year or more" standards discussed above.

### FAILURE TO ENROLL MEMBER ON A TIMELY BASIS

It is the employer's responsibility to determine if its employees are eligible to participate in CalPERS. If an employer has failed to enroll an eligible employee into CalPERS membership within 90 days of qualifying, when the employer knows or can reasonably be expected to have known of that eligibility, the employer shall be required to pay all arrears costs for member contributions, as well as administrative costs of \$500 per member. (G.C. section 20283)

Please note that the administrative cost "is not a fee or penalty" to the agency – rather, it is a reimbursement to CalPERS for costs associated with the process of administering such retroactive enrollment of members.

Employers will not be billed directly for the employer share of contributions; rather, the employer share of the cost will be paid by transfer of funds from the Employer's Reserve Account, and by future adjustments in the employer's contribution rate. The employer shall not pass on to an employee any costs assessed due to untimely enrollment.

Employers are presumed to be knowledgeable of all areas covered in this Procedures Manual, as well as in Circular Letters, and other standard CalPERS publications. If you encounter an unusual situation not addressed in any of these forums, we would strongly urge you to contact us in advance for advice about such situations, so that we can review the facts and advise you appropriately.

### NOTICE OF EXCLUSION FROM CALPERS MEMBERSHIP

For employees who do not qualify for CalPERS membership, the **Notice of Exclusion from CalPERS Membership** form (PERS-AESD-139) should be completed, and given to the employee in order to inform them of the specific reason for their exclusion and to fulfill the employer's responsibility of notification. Do not send copies of this form to CalPERS; however, a copy should be kept with the employee's records.

Having a copy of this form in an employee's records is another useful way of supporting an employer's lack of responsibility under G.C.

section 20283—particularly with regard to the employee's current CalPERS "member" status.

### ALTERNATE RETIREMENT PLAN (ARP) G.C. SECTION 20306 (PUBLIC AGENCIES AND SCHOOLS)

G.C. section 20306 provides that public agencies and school districts that have an alternate retirement plan established as a pension trust<sup>1</sup> prior to July 1, 1997 must conduct an election among their non-safety members who are credited with less than five years of CalPERS service to determine whether they want to (1) retain their usual active CalPERS membership, or instead (2) participate in the alternate retirement plan if their time base drops below the minimum membership thresholds (e.g., 20 hours per week) specified in G.C. section 20305.

Employees entering employment after the original ARP election are mandated into ARP coverage if they (1) work less than the G.C. section 20305 threshold, and (2) have less than 5 years of service credit. The employer will determine new employees' ARP status (based on any election they made; their 20305 qualification status; and whether or not they have 5 years of service), as follows:

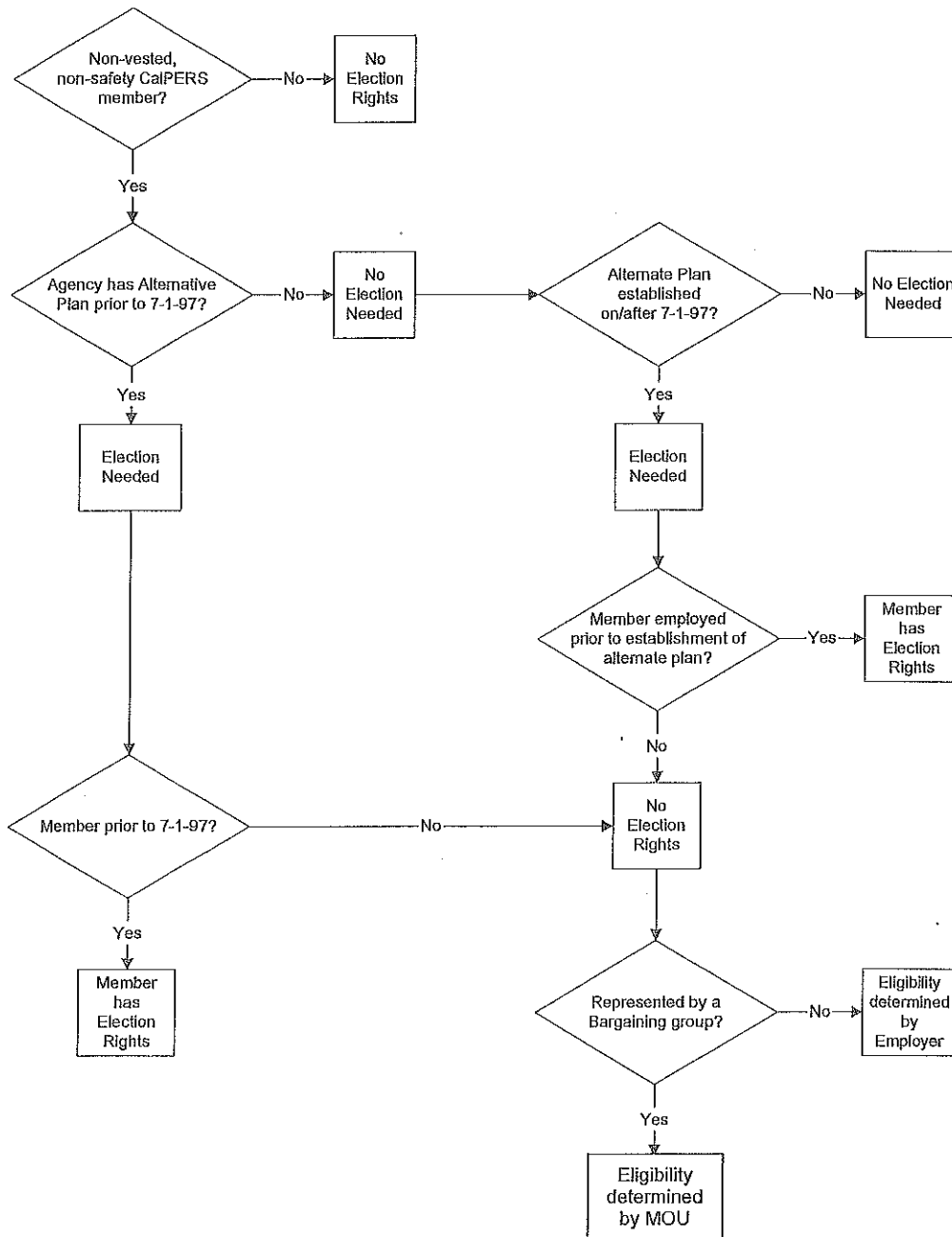
- For employees subject to collective bargaining, their MOU will determine their eligibility to participate in the ARP or CalPERS.
- For employees not represented by a bargaining group, the public agency shall determine the employees' eligibility to participate either in CalPERS or the alternate retirement plan if their time base falls below CalPERS membership thresholds.

See the "Eligibility to Participate in the CalPERS/Alternate Retirement Plan Election" flow chart on the following page for more information or contact the CalPERS Employer Contact Center at **888 CalPERS** (or 888-225-7377).

<sup>1</sup> "Article 1.5 (commencing with section 53212) of Chapter 2 of Part 1 of Division 1 of Title 5"



# Eligibility to Participate in the CalPERS/Alternate Retirement Plan Election



## SCHOOL EMPLOYMENT: CALPERS OR CALSTRS?

Public school positions in California are divided into two basic types:

1. **CERTIFICATED:** An employee in a position requiring certification qualifications by or pursuant to the Education Code. Credentialed employees (e.g., teachers, administrators, health care, library media workers, etc.) are all in certificated positions.
2. **CLASSIFIED:** An employee in a non-certificated position (e.g., office workers, custodial staff, cafeteria workers, etc.).

In general terms, employees in certificated positions are, upon meeting normal qualification requirements, eligible for membership in the California State Teachers' Retirement System (CalSTRS), while classified employees may be eligible for membership in CalPERS.

Pursuant to G.C. sections 20300(g), 20501 and 20610, CalPERS can cover school employees only with respect to employment in which they are not eligible for CalSTRS coverage. Some persons who are employed in positions covered by CalSTRS or CalPERS may not actually qualify for membership in either system (due to part-time or temporary/seasonal, non-qualifying, etc.); thus, some school employees may not be members of either system until their working hours or conditions change.

The Education Code (which contains the laws governing CalSTRS) contains two basic provisions, which may give persons certain rights with regard to choosing coverage under one system or the other.

**Education Code Section 22508(a):** A person who is a CalSTRS member, who subsequently is employed by a school district, community college district or a county superintendent (or by the State in other certain cases; see "Inclusion" section) in a position which requires CalPERS membership (i.e., a classified school position), will enter CalPERS membership in the new position. However, he or she may elect to remain a member of CalSTRS in the new position.

### INCLUSION OF CERTAIN STATE EMPLOYEES

1. Employees in Certain State Bargaining Groups

SB 1694 (Chapter 880, Statutes of 2000) amended Section 22508 of the Education Code, and now provides that this same election right will be given to CalSTRS members that enter State employment where one of the following conditions apply:

#### [Education Code Section 22508(b)]

- a. The employee is represented by a State Bargaining Unit that represents educational consultants, professional educators, or librarians employed by the state; OR
- b. The employee is excluded from the definition of "State employee" in G.C. section 3513(c), yet performs, manages or supervises work similar to employees under subparagraph "A" above; OR
- c. The employee is in a non-civil service position in the Executive branch, yet performs, manages or supervises work similar to employees under subparagraph "A" above.

2. Persons Entering State Second-Tier Membership Between July 1, 1991 and September 11, 2000

AB 649 (Chapter 402, Statutes of 2000) added section 22508.6 to the Education Code and section 20309.5 to the Government Code, and provides that a "vested" CalSTRS member who enters State employment subject to the Second-Tier benefit plan may elect to have this service subject to CalSTRS rather than CalPERS, under the following conditions:

- a. The member must have entered State employment within 30 days of separation from CalSTRS-covered employment;
- b. The member must have had no other intervening employment;
- c. The change of employment occurred between July 1, 1991 and September 11, 2000;

- d. The member must be subject to the State Second-Tier.
- e. The member meets one of the following criteria:
  - 1. Is represented by a State Bargaining Unit that has agreed to an MOU making their represented employees subject to section 20309.5;
  - 2. Is excluded from the definition of "State employee" in G.C. section 3513(c), yet performs, manages or supervises work similar to employees under Subparagraph "A" above;
  - 3. Is in a non-civil service position in the Executive branch, yet performs, manages or supervises work similar to employees under Subparagraph "A" above.

#### GOVERNMENT CODE SECTION 20309

A CalPERS member employed by a school district or a county superintendent, the State Department of Education, or the Board of Governors of the California Community Colleges, who then is employed in a position requiring membership in CalSTRS (i.e., a certificated position), will enter CalSTRS membership in the new position. However, he or she may elect to remain a member of CalPERS in the new position.

SB 1694 (Chapter 880, Statutes of 2000) effective 1/01/2001, amended section 20309 of the Government Code, and now provides that this same election right will be given to CalPERS members who enter employment that is requiring membership in CalSTRS where the member is employed by the State Board of Governors of the Community Colleges or the State Department of Education;

SB 165 (Chapter 77, Statutes of 2001) again amended Government Code section 20309, which will also allow CalPERS members with five years of CalPERS credited service, who enter employment on or after January 1, 2002 in a position requiring membership in CalSTRS, the right to elect to remain in CalPERS. The five years of service accrued under CalPERS can be with the State of California, a Public Agency, a County School, or a combination thereof.

These elections must be made in writing on the **CalSTRS Retirement System Election form ES-372 (05-09)**. The election must be filed with the elected retirement system within 60 days of entry into the new position that qualified for the election right. The election must be signed and dated by both the employee and employer and include the date the employee entered the new position.

A copy should also be filed with the other retirement system.

Send elections to:

CalSTRS  
P.O. Box 15275  
Sacramento, CA 95851-0275

or

CalPERS  
Member Services Division/Unit 841  
P.O. Box 942704  
Sacramento, CA 94229-2704

This right of election arises when the employee enters a position or has a major change in conditions of employment that requires membership in the other retirement system. Once the person does (or does not) exercise this right of election within 60 days from their date of hire into the new position, this election is irrevocable and will remain in effect for all future school employment for that employer unless the person separates and receives a refund of all accumulated contributions and interest. In some cases the election right may arise again if the person changes districts and the position requires membership in the other retirement system.

**NOTE:**

The definition of a change in employment or position is subject to determination by CalSTRS.

Should the employee return to employment and upon qualification, the employee would become a member of the retirement system that they qualify for in that position. Use the chart following this section as a guide to determine the retirement system coverage for the employee.

The Education Code (which governs CalSTRS) and the Government Code (which governs CalPERS) contains the laws regulating this election coverage. The final decision in any questionable situation (e.g. acceptance of "late" elections) must be made by CalSTRS, not CalPERS. Qualification of the position for membership in each system is governed by the respective codes (Education Code for certificated; Government Code for classified and state).

### DIFFERENCES BETWEEN CALPERS AND CALSTRS

There are a number of factors that might influence a person's decision about coverage under one system or the other. Some of the differences between the two systems are the following:

1. CalPERS members may or may not have Social Security coverage (most do), whereas CalSTRS members generally do not;
2. The Benefit Factors based on age for service retirement may be different;
3. The employee contribution rates may be different;
4. Persons entering membership in either system between July 1, 1980 and December 31, 1998 may not be eligible to convert unused sick leave credits to service credit at retirement.

We suggest you contact CalSTRS or the Member Services Division at CalPERS if you have any specific questions or need additional information relating to an employee's choice of coverage.

A CalPERS/CalSTRS FAQ is available on [www.calpers.ca.gov](http://www.calpers.ca.gov). You can also receive the publication *Join CalSTRS? Join CalPERS?* at [www.calstrs.com](http://www.calstrs.com) or by calling CalSTRS.

CalSTRS (800) 228-5453  
TDD (916) 229-3541

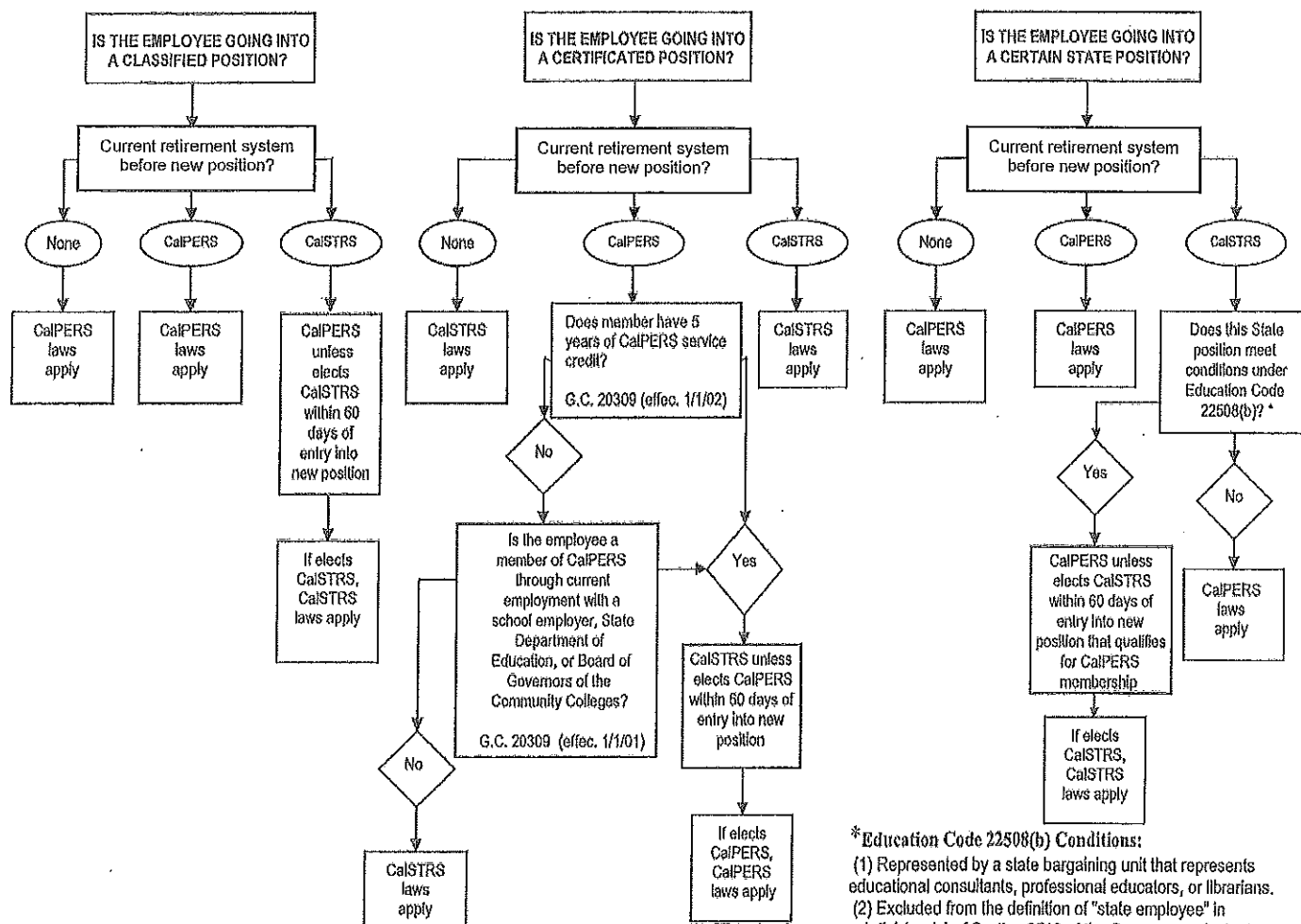
### ADDITIONAL INFORMATION

1. A person is a "member" of CalPERS or CalSTRS unless they have permanently separated from all employment covered by the system and received a refund of his or her contributions and interest on deposit.
2. It is possible to be an active (i.e., currently employed) member of both CalSTRS and CalPERS as long as this dual coverage is for different positions.
3. As indicated by the Education Code 22509: the employer shall inform an employee, who has the right to make an election, within 10 days of the date of hire. The election shall become effective on the first day of employment that qualified the employee to make the election. The election is filed with the elected retirement system with a copy sent to the other retirement system. The right of election arises after one has been hired in a position that would be covered by the other retirement system.
4. Elected superintendent of school positions are subject to CalSTRS and are therefore not eligible for CalPERS membership.

You should also submit a **Member Action Request** (PERS-AESD-1) or appoint via ACES if the member is entering/leaving active CalPERS membership.

Use the chart following this section as a guide to determine the retirement system coverage for the employee.

## CalPERS/CalSTRS RETIREMENT SYSTEM ELECTION



## \*Education Code 22508(b) Conditions:

- (1) Represented by a state bargaining unit that represents educational consultants, professional educators, or librarians.
- (2) Excluded from the definition of "state employee" in subdivision (c) of Section 3513 of the Government Code, but performing, supervising, or managing work similar to work performed by employees described in paragraph (1).
- (3) In a position not covered by civil service and in the executive branch of government, but performing, supervising, or managing work similar to work performed by employees described in paragraph (1).

## MEMBERSHIP CATEGORIES

All CalPERS members employed by your agency will fall into one of the following general categories:

**1. LOCAL SAFETY MEMBERS**

This category "includes all local police officers, local sheriffs, firefighters, safety officers, county peace officers..., employed by a contracting agency who have by contract been included within this system." (G.C. section 20420)

**2. LOCAL MISCELLANEOUS MEMBERS**

This category includes "all employees of a county office of education, school district, or community college district who are included in a risk pool and all employees of a contracting agency who have by contract been included within this system, except local safety members." (G.C. section 20383)

**3. SCHOOL MEMBERS**

This category "includes all employees within the jurisdiction of a school employer, other than local policemen, school safety members and members included in a risk pool." (G.C. section 20370(d))

**4. SCHOOL SAFETY MEMBERS**

This category includes "any officer or employee of a school district or a community college district which has established a police department...whose principal duties consist of active law enforcement service." (G.C. section 20444). This category only applies to a school district or a community college district that enters into a contract with the board on or after January 1, 1990.

For most employers, all or the large majority of their employees will be in the "local miscellaneous" or "school member" categories rather than a "safety" category.

Determination of an employee's membership category is based on the employee's job classification and duties, compared to the standards defined in the Government Code, and as provided in the agency's contract with CalPERS.

The Government Code provisions for the most common safety positions (e.g., police officer, firefighter, deputy sheriff, etc.) are all mandatory for contracting agencies whose contract includes such positions. There are a number of other provisions, however, for which a contracting agency may choose to contract if it so wishes, to provide safety membership to other employees, as well as to reclassify previous service with the same duties/job title in such classes. Your Annual Employer Statement will indicate if your agency has contracted to reclassify any positions from a miscellaneous to a safety category.

Your agency should be aware of the fact that, apart from the optional contract provisions to reclassify miscellaneous employees to the safety category, it is not permissible to report employees in a safety category whose job duties do not support such membership. You should refer to the definitions for Local Safety members on the following pages for the criteria for such membership.

Safety membership most commonly requires service having principal duties of providing either "active law enforcement" or active firefighting services. Such persons are known as safety employees because they are engaged in protecting the public safety, and may be exposed to physical risk during the course of employment. CalPERS relies upon an opinion of the Attorney General to define what is meant by the term "active" for safety service:

"It is suggested that active law enforcement work means 'physically active' work such as the arrest and detention of criminals... (T)he main reference is to duties which expose officers and employees to physical risk in the law enforcement field...." (22 Ops. Cal. Atty. Gen. 229)

Another important criterion in many of the sections defining safety membership is that a person be "employed and qualifying as patrol officers," "employed and qualifying as patrolmen," "employed and qualifying as firefighters," or "employed and qualifying as deputy sheriffs," irrespective of their current duties. Typically, such persons are referred to as sworn personnel, because they take an oath to uphold the Constitution, safeguard the lives and property of citizens, etc. This sworn criterion is particularly important for persons who are promoted up through the ranks to supervisory/managerial positions (e.g., sergeant, captain, chief, etc.), but who retain their sworn status after promotion.

Almost all agencies with safety classifications have established procedures in place (e.g., certification and/or academy training, physical fitness requirements, etc.) by which persons originally become qualifying as patrol officers, firefighters, or deputy sheriffs, and have standards (such as periodic physical fitness tests) which must be met in order to maintain such status. Such sworn personnel in supervisory or managerial positions who remain "employed and qualifying" as patrol officers, firefighters, or deputy sheriffs could (perhaps in special circumstances such as a major emergency, or a work stoppage) be required to return to typical safety duties; accordingly, the safety status of such an individual is appropriate, even though the person's current duties may not frequently involve such "active law enforcement/firefighting" duties.

However, if a person gives up such qualifying/sworn status after accepting a promotion, and is no longer qualifying as such, safety membership can no longer be given for this service.

**NOTE:**

There are no provisions in the law that would allow a member or employer to "pay the difference" in contributions between "miscellaneous" and "safety" membership, in order to allow a "miscellaneous" member to be reported to CalPERS as "safety."

**EXCEPTIONS**

There are some instances where persons have been given mandatory safety membership only if employed during a specific period of time. For example, legislation passed in 1987 (AB 839, Chapter 1411) brought certain miscellaneous members employed in positions such as, fire investigators, fire prevention officers, or fire trainers between January 1, 1988, and October 2, 1989, into safety membership as local firefighters. In such *exceptional* situations, it is possible to have some persons in the same job classification who are "safety" and some who are not, if they were hired at different times.

**CAUTIONS**

CalPERS has had cases where an employee was inappropriately retained in safety membership after receiving an appointment to a non-safety position (such as City Manager, or Director of Public Safety). Even if such a member was formerly in safety membership (e.g., as Police Chief or Fire Chief), safety membership cannot be given where the job duties do not support this status, and the individual is no longer a sworn member of a police department, fire department, etc.

Inappropriate membership classification is one of the key factors that are investigated by CalPERS field auditors and corrective actions will be taken upon discovery by CalPERS staff of such inappropriate classifications. Such retroactive corrective actions may include correction of service credit, retirement contributions paid, and adjustment of retirement allowance paid (if any). If you are unsure about the proper membership category for a given position, submit a job description/duty statement to CalPERS Employer Services Division, Membership Analysis and Design Unit for a determination. Such a review should also be requested upon establishing a new position, or upon making significant changes in the duties of a previously-reviewed position.



The following definitions for Local Safety Members will assist you in determining membership category:

### **MANDATORY SAFETY STATUS**

#### **LOCAL POLICE OFFICER**

"Local police officer" means any officer or employee of a police department of a contracting agency which is a city, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active law enforcement service even though the employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement service, but not excepting persons employed and qualifying as patrolmen or equal or higher rank irrespective of the duties to which they are assigned. (G.C. section 20425)

#### **LOCAL FIREFIGHTER**

"Local firefighter" means any officer or employee of a fire department of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active firefighting, or active firefighting and prevention service, active firefighting and fire training, active firefighting and hazardous materials, active firefighting and fire or arson investigation, or active firefighting and emergency medical services, even though that employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active firefighting, or active firefighting and prevention service, active firefighting and fire training, active firefighting and hazardous materials, active firefighting and fire or arson investigation, or active firefighting and emergency medical services, but not excepting persons employed and qualifying as firefighters or equal or higher rank, irrespective of the duties to which they are assigned. (G.C. section 20433)

### **COUNTY PEACE OFFICER**

#### **SHERIFF AND SHERIFF'S OFFICERS**

"County peace officer" means the sheriff and any officer or employee of a sheriff's office of a contracting agency, except one whose principal

duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise, and whose functions do not clearly come within the scope of active law enforcement service even though the employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement service, but not excepting persons employed and qualifying as deputy sheriffs or equal or higher rank irrespective of the duties to which they are assigned. (G.C. section 20436)

### **DISTRICT ATTORNEY'S OFFICE**

#### **INSPECTOR, INVESTIGATOR, DETECTIVE**

"...any inspector, investigator, detective, or person with a comparable title, in any district attorney's office of a contracting agency whose principal duties are to investigate crime and criminal cases and who receives compensation for such service." (G.C. section 20436)

### **OTHER LOCAL SAFETY**

#### **OCEAN BEACH LIFEGUARDS**

"Local safety member" also includes all employees of a city who have by contract been included within this system, and whose principal duties consist of active protection, rescue, and rendition of aid or assistance to persons injured or imperiled in water areas at ocean beaches and the recovery from those water areas of submerged objects and bodies of persons drowned or believed to have drowned in those areas, or the immediate supervision thereof, including persons employed to perform the duties now performed under the titles of aquatics director, chief lifeguard, captain lifeguards, lieutenant lifeguards, beach lifeguard, but who performs additional duties, some of which (including the maintenance of peace and order and the apprehension of law violators) are customarily performed by police or peace officers, and whose other duties (such as resuscitation work involving the use of special equipment in cases having no connection with their principal duties) that in other areas are customarily performed by firefighters, and other and further duties that do not come directly within any of the above classifications but are essential to the safety and security of the public, excluding those whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise clearly do not fall within the scope of active life guarding or

lifesaving service, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active life guarding or lifesaving service.

This section does not apply to the employees of any contracting agency having a contract with the board made prior to September 18, 1959, until the agency elects to subject itself and its employees to the provisions of this section by amendment to its contract with the board pursuant to Section 20474; except that an election is required only among the employees to whom the provisions of this section apply.

The amendments of this section, made by Chapter 130 of the Statutes of 1982 do not constitute a substantive change in the law and shall not be construed to entitle any person to any right or benefit that he or she was not already entitled to prior to December 31, 1982.

**NOTE:**

This provision is mandatory for all contracting agencies with CalPERS contract dates of September 18, 1959 or later. It is an optional contract provision for contracting agencies with CalPERS contract dates of prior to September 18, 1959. See Other Local Safety listing in this section (G.C. section 20421).

**LOCAL SAFETY OFFICER**

"Local safety officer" means any officer or employee of a public safety department of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active law enforcement or firefighting and prevention service even though the employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement or firefighting and prevention service, but not excepting persons employed and qualifying as patrol officers or equal or higher rank, or as firefighters, hose officers, or equal or higher rank, irrespective of the duties to which they are assigned.

"Local safety officer" does not include persons employed to perform identification or communication duties. This provision shall not apply to persons employed and qualified as patrol officers or equal or higher rank, or as firefighters, hose officers, or equal or higher rank. (G.C. section 20424)

**OTHER SAFETY CLASSIFICATIONS — PROVIDED BY OPTIONAL CONTRACT PROVISIONS**

The following classifications can be added to your Safety categories by amending your agency's contract. If your agency has contracted for these other safety classifications, they will be listed in your Annual Employer Statement.

It should be noted that many of these optional sections do not contain the "employed and qualifying" language that is used to give police officers, firefighters, sheriff's deputies, etc. "safety" status when they promote into the supervisory/managerial ranks. Therefore, persons must be performing the specified duties in order to qualify for "safety" coverage under such sections.

**RECLASSIFICATION**

A member who is employed in a position that is reclassified from local miscellaneous to local safety (other than under the 2% @ 50, 3% @ 50, or 3% @ 55 retirement formulas) "may make an irrevocable election in writing to remain subject to the miscellaneous service retirement benefit by filing a notice of that election with the board within 90 days after notification by the board." (G.C. section 20443)

**LOCAL POLICE OFFICER**

**JUVENILE BUREAU OFFICER**

If provided for by your agency's contract, "Local police officer" also includes any officer or employee of a juvenile bureau of a contracting agency whose principal duties consist of active law enforcement service, except persons whose principal duties are clerical or otherwise clearly do not fall within the scope of active law enforcement, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement. (G.C. section 20427)

**PEACE OFFICER UNDER PENAL CODE, NOT WITH CITY OR COUNTY**

If provided for by your agency's contract, "Local police officer" also includes any officer or employee of a contracting agency other than a city or a county who is a peace officer as defined

in the Penal Code and whose principal duties consist of active law enforcement but excluding clerical personnel or those whose principal duties are that of communication officer, identification officer, machinist, mechanic, security officer or are otherwise not clearly within the scope of active law enforcement, even though the person is subject to occasional call, or is occasionally called upon to perform duties within the scope of active law enforcement. (G.C. section 20429)

#### **CITY JAILERS**

If provided for by your agency contract, "Local police officer" also includes any employee of a contracting agency that is a city, who is employed in a jail or a detention or correctional facility and having as his or her primary duty and responsibility the supervision and custody of persons committed to the jail or facility. It shall not include persons employed as clerks, typists, teachers, instructors, or psychologists or to provide food, maintenance, health, or supporting services, even though responsibility for custody and control of persons so committed may be incident to, or imposed in connection with, that service. (G.C. section 20431)

#### **LOCAL SHERIFF**

If provided for by your agency's contract, "Local sheriff" means any officer or employee of a sheriff's office of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise, and whose functions do not clearly come within the scope of active law enforcement service even though the employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement service, but not excepting persons employed and qualifying as deputy sheriffs or equal or higher rank irrespective of the duties to which they are assigned. (G.C. section 20432)

Contracting for this section allows agencies to provide a different level of retirement benefits (e.g., retirement formula) to "local sheriff officers" than to "county peace officers."

#### **COUNTY PEACE OFFICER**

##### **CONSTABLE, MARSHAL**

If provided by your agency contract, "County peace officer" shall also include the constable and each regularly employed deputy constable and the marshal and each regularly employed deputy marshal who serves the superior court. He or she shall receive credit for service as a peace officer for any time he or she served as constable or deputy constable of a township or justice court or marshal or deputy marshal of a municipal court in the same county. (G.C. section 20437)

##### **IDENTIFICATION AND/OR COMMUNICATION DUTIES**

If provided by your agency contract, "County peace officer" does not include persons employed to perform identification or communication duties other than persons in that employment on August 4, 1972, who elected within 90 days thereafter to be local safety members. A contracting agency may elect by amendment to its contract to include as "county peace officer" all persons who were employed to perform identification or communication duties on August 4, 1972, and who elect within 60 days of the effective date of the contract amendment to be local safety members. The election shall apply to the person's past as well as future service in the employment held on the effective date but may not apply to service following any subsequent acceptance of appointment to a position other than that held on the effective date. This subdivision does not apply to persons employed and qualified as deputy sheriffs or equal or higher rank. (G.C. section 20436)

##### **PROBATION OFFICER, JUVENILE HALL CUSTODY**

If provided by your agency's contract, "County peace officer" shall also include probation officers, deputy and assistant probation officers, and persons employed in a juvenile hall or home and having as their primary duty and responsibility the counseling, supervision and custody of a group of youths assigned or committed to the hall or home. It shall also include persons employed as peace officers pursuant to Section 830.5 of the Penal Code, regardless of the administrative title of the position. It shall not include persons employed as teachers, instructors, psychologists, or to provide food, maintenance, health or other supporting services even though responsibility for custody and control of youths may be incident to or imposed in connection with that service. (G.C. section 20438)

**COUNTY JAIL—CUSTODIAL EMPLOYEES**

If provided by agency contract, "County peace officer" shall also include employees of the sheriff employed in a county jail, detention or correctional facility and having as their primary duty and responsibility the supervision and custody of persons committed to the jail or facility, whether or not these employees are deputized. It shall not include persons employed as clerks, typists, teachers, instructors, psychologists or to provide food, maintenance, health or supporting services, even though responsibility for custody and control of persons so committed may be incident to, or imposed in connection with, that service or the employees are deputized. (G.C. section 20439)

**BAILIFFS**

If provided for by your agency's contract, "County peace officer" shall also include employees of the sheriff employed to attend sessions of the superior or former municipal courts and preserve order in the courtrooms, to guard and maintain the security of prisoners during court appearances, or to summon jurors and take responsibility for them while they are deliberating or absent from the courtroom. It shall not include persons employed as clerks, typists, teachers, instructors or psychologists. (G.C. section 20440)

**COUNTY PARK RANGERS**

If provided for by your agency's contract, "County peace officer" shall also include persons employed by a county parks and recreation department whose primary responsibility is maintaining the peace and whose duties include law enforcement, emergency medical care first response, or fire suppression and prevention in the Park Ranger class series. (G.C. section 20441)

**OTHER LOCAL SAFETY**

**LIFEGUARDS**

(NOTE: This provision is mandatory for all contracting agencies with CalPERS contract dates of September 18, 1959 or later. It is an "optional" contract provision for contracting agencies with CalPERS contract dates of prior to September 18, 1959). If provided for by your agency's contract, "Local safety member" also includes all employees of a city who have by contract been included within this system, and whose principal duties consist of active protection, rescue, and rendition of aid or

assistance to persons injured or imperiled in water areas at ocean beaches and the recovery from those water areas of submerged objects and bodies of persons drowned or believed to have drowned in those areas, or the immediate supervision thereof, including persons employed to perform the duties now performed under the titles of aquatics director, chief lifeguard, captain lifeguards, lieutenant lifeguards, beach lifeguard, but who performs additional duties, some of which (including the maintenance of peace and order and the apprehension of law violators) are customarily performed by police or peace officers, and whose other duties (such as resuscitation work involving the use of special equipment in cases having no connection with their principal duties) that in other areas are customarily performed by firefighters, and other and further duties that do not come directly within any of the above classifications but are essential to the safety and security of the public, excluding those whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise clearly do not fall within the scope of active lifeguarding or lifesaving service, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active lifeguarding or lifesaving service. (G.C. section 20421)

**EMERGENCY MEDICAL TECHNICIAN/PARAMEDIC**

If provided for by your agency's contract, "Local safety member" also includes all employees of a public agency whose principal duties consist of rendering pre-hospital emergency medical care to ill or injured persons and who are employees designated as Emergency Medical Technician-I, Emergency Medical Technician-II, or Emergency Medical Technician-Paramedic, as defined by, respectively, Sections 1797.80, 1797.82, and 1797.84 of the Health and Safety Code. (G.C. section 20422)

**HARBOR OR PORT POLICE OFFICER**

If provided for by your agency's contract, "Local safety member" also includes any harbor or port police officer, employed by a contracting agency, who is a peace officer as defined in subdivision (b) of Section, 830.33 of the Penal Code and whose principal duties consist of active law enforcement of the laws contained in Chapter 5 (commencing with Section 650) of Division 3 of the Harbors and Navigation Code, the rules and regulations of the California Department of Boating and Waterways, and Chapter 2 (commencing with Section 9850) of

Division 3.5 of the Vehicle Code. (G.C. section 20423)

**PARK RANGERS**

If provided for by your agency's contract, "Local safety member" also includes any park ranger employed by a contracting agency who is a peace officer as defined in subdivision (b) of Section 830.31 of the Penal Code and whose primary responsibility is maintaining the peace and whose duties include law enforcement, emergency medical care first response, or fire suppression and prevention. (G.C. section 20423.5)

**LOCAL PROSECUTORS, PUBLIC DEFENDERS, AND PUBLIC DEFENDER INVESTIGATORS**

For all of these categories, the member's effective date of retirement must be on or after the date this section becomes applicable to the member's contracting agency.

**LOCAL PROSECUTORS**

G.C. section 20423.6 covers all of the following groups of employees:

1. A county officer or employee who, on or after January 1, 2002:
  - Was employed in the office of the district attorney.
  - Had a job title/classification of district attorney, deputy district attorney, chief deputy district attorney, senior deputy district attorney, assistant district attorney, chief assistant district attorney, senior assistant district attorney, or any other similar classification or title.
2. A county officer or employee who:
  - Was employed in the office of a district attorney prior to the date the local child support agency transitioned from the district attorney to a new county department, as specified in Section 17304 of the Family Code.
  - Had a job title/classification of district attorney, deputy district attorney, chief deputy district attorney, senior deputy district attorney, assistant district attorney, chief assistant district attorney, senior assistant district attorney, or any other similar classification or title.
  - On or after January 1, 2002, was an attorney in a local child support agency, as defined in subdivision (h) of Section 17000 of the Family Code, with no break in service

between employment by a district attorney and the local child support agency.

3. A city officer or employee who, on or after January 1, 2002:
  - Was employed in the office of the city attorney.
  - Was primarily engaged in the active enforcement of criminal laws within any court operating in a county.
  - Had a job title/classification of city attorney, deputy city attorney, chief deputy city attorney, assistant city attorney, chief assistant city attorney, or any other similar classification or title.

**LOCAL PUBLIC DEFENDER**

A city or county officer or employee who, on or after January 1, 2002:

- Was employed in the office of the public defender, the alternate public defender, or any similar office title.
- Had a job title/classification of public defender, deputy public defender, chief deputy public defender, senior deputy public defender, assistant public defender, chief assistant public defender, senior assistant public defender, or any other similar classification or title.

**LOCAL PUBLIC DEFENDER INVESTIGATOR**

A city or county officer or employee who, on or after January 1, 2002:

- Was employed in the office of the public defender, the alternate public defender, or any other similar office title.
- Had a job title/classification of inspector, investigator, detective, or any other similar classification or title.
- Had principal duties of investigating crime and criminal cases.

**SCHOOLS**

**LOCAL POLICE OFFICER**

"Local police officer" also includes any officer or employee of a school district or a community college district that has established a police department pursuant to Section 39670 or 72330 of the Education Code, whose principal duties consist of active law enforcement service, except persons whose principal duties are clerical or otherwise clearly do not fall within the scope of active law enforcement, even though

the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement. This section shall only apply to any school district or community college district that prior to June 30, 1982, had amended its contract to provide membership for local police officers. (G.C. section 20430)

#### **SCHOOL SAFETY MEMBERS**

If provided for by your agency's contract, "School safety member" includes any officer or employee of a school district or a community college district which has established a police department pursuant to Section 39670 or 72330 of the Education Code, whose principal duties consist of active law enforcement service, except persons whose principal duties are clerical or otherwise clearly do not fall within the scope of active law enforcement, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement. This section shall only apply to a school district or a community college district that, pursuant to subdivision (i) of Section 20057, entered into a contract with the board on or after January 1, 1990. (G.C. section 20444)

#### **LOCAL FIREFIGHTER**

If provided for by your agency's contract, "Local firefighter" also means any officer or employee of a fire department of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active firefighting, fire prevention, fire training, hazardous materials, emergency medical services, or fire or arson investigation service, even though that employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active firefighting, fire prevention, fire training, hazardous materials, emergency medical services, or fire or arson investigation service, but not excepting persons employed and qualifying as firefighters or equal or higher rank, irrespective of the duties to which they are assigned. (G.C. section 20434)

#### **HAZARDOUS MATERIALS SERVICES**

If provided for by your agency's contract, "Local firefighter" also means any officer or employee of a fire department of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise, and whose functions do not clearly fall within the scope of hazardous materials services, even though that employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of hazardous materials services, but not excepting persons employed and qualifying as firefighters or equal or higher rank, irrespective of the duties to which they are assigned. (G.C. section 20434.5)

#### **FIRE TRAINING FUNCTION FOR A CONTRACTING AGENCY**

If provided for by your agency's contract, "Local firefighter" means any officer or employee of a contracting agency performing a fire training function for a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active firefighting, fire prevention, fire training, or fire investigation service even though that employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active firefighting, fire prevention, fire training, or fire investigation service, but not excepting persons employed and qualifying as firefighters or equal or higher rank, irrespective of the duties to which they are assigned. (G.C. section 20435)

#### **H.R. 743 — SOCIAL SECURITY PROTECTION ACT OF 2004**

On March 2, 2004, President Bush signed H.R. 743, the Social Security Protection Act of 2004, into law. Section 419(c) of H.R. 743 provides that any individual entering employment on or after January 1, 2005 in a position not subject to Social Security, be provided a written notice explaining the maximum effect not being subject to Social Security may have on the calculation of the primary insurance amounts and on the benefit amounts of monthly periodic payments or benefits.

The notice has been developed by the Social Security Administration "in language calculated to be understood by the average individual". The written notice provided is to include a form for the individuals to complete and sign certifying receipt of the notice. Once completed and signed, the notification is to be submitted to the agency and to the retirement system the employing entity provides for its employees. H.R. 743 is silent as to any reason for the certifications being submitted to the retirement systems, how long the certifications must be retained, or any retrieval capability requirements. The Social Security Administration (SSA) provides the notification, certification form and instructions to public employers through their Web site at [www.socialsecurity.gov](http://www.socialsecurity.gov). Questions should be directed to your local social security office or to the SSA using the web address provided above. CalPERS will provide any additional information on this topic as it becomes available.

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## **ELECTRONIC ENROLLMENT — AUTOMATED COMMUNICATIONS EXCHANGE SYSTEM (ACES)**

The Automated Communications Exchange System, or ACES, is an online system that provides employers the ability to exchange membership, health, and payroll information with CalPERS on a transactional basis. ACES is free to all CalPERS business partners and can be accessed from an ordinary personal computer through a highly secure Internet web browser. ACES consists of the following components:

### **INTERNET FILE TRANSFER**

Employers can transmit membership (AESD-1) and/or health (HBD-12) files securely from their internal human resources systems to CalPERS for processing. This functionality allows employers to use their existing systems to exchange information with CalPERS.

### **INTERNET FORMS DATA ENTRY**

Employers can enter membership (AESD-1) and/or health (HBD-12) data directly into online forms and securely submit them to CalPERS via the Internet. This functionality allows employers to submit individual transactions as needed rather than having to transmit an entire file.

### **PARTICIPANT INQUIRY**

Employers and health benefit carriers can securely perform data queries via the Internet. This query functionality allows employers and carriers to verify enrollments and track changes.

### **ACCOUNT MANAGEMENT**

Employers and health benefit carriers can establish and manage ACES user accounts. This functionality provides self-service capability that significantly streamlines the process of creating and maintaining user IDs and passwords.

ACES benefits California's state and public employers (and hence their employees) for many reasons, such as:

### **REDUCED MANUAL PROCESSING**

ACES allows employers to submit membership and health enrollments and changes directly to CalPERS via the Internet, so there is less paper to handle and manually enter.

The end result is improved customer service, as CalPERS and employers are able to focus on

addressing members' needs rather than on the time consuming tasks associated with manual processing.

### **IMPROVED PROCESSING TIME AND DATA QUALITY**

ACES provides front-end edits (validations that prohibit employers from entering incorrect or incomplete information) to ensure that the required data and specific membership and health values are supplied to process transactions. This is a significant improvement over the manual process, where errors on paper forms had to be corrected and resubmitted, creating delays affecting both employers and CalPERS.

### **SELF-SERVICE CAPABILITIES**

ACES streamlines the process for obtaining and maintaining user accounts. The account management subsystem has significantly streamlined the former 17-step process for creating user IDs and passwords. Each employer can now create and maintain user IDs for their staff with little or no involvement from CalPERS. The process now consists of three steps, reducing the time to request, create, and distribute account information from several weeks to two days.

### **EASILY TRACK AND MONITOR ACTIVITIES**

All activities are logged to include the date, time, submitter, agency, and content of transmitted data. This becomes an online electronic record of data sent and received, eliminating manual record keeping both by employers and CalPERS while providing a mechanism to resolve errors and problems more quickly.

### **NOTE:**

To sign up for ACES or find out more information, please contact the CalPERS Employer Contact Center at 888 CalPERS (or 888-225-7377).

## CALPERS MEMBER ACTION REQUEST FORM (PERS-AESD-1) DOWNLOADING INSTRUCTIONS

If you currently do not have access to process membership transactions via ACES, use the **Member Action Request Form** (PERS-AESD-1) Microsoft Word file template which can be downloaded for use on your computer.

In order to use the form on your computer, you must have Microsoft Word 97 or higher. To download and use the template, follow the instructions below:

1. Go to the CalPERS Web site at:  
[www.calpers.ca.gov](http://www.calpers.ca.gov).
2. Select "For Employers" button
3. Select "Employer Forms & Publications Directory" hyperlink
4. Select "Forms" hyperlink
5. Select "CalPERS Retirement Program Forms" hyperlink
6. Select "Member Action Request, PERS-AESD-1" hyperlink

### USING THE ONLINE AESD-1 FORM

1. When you open the online AESD-1 form, you may receive a dialogue message box prompting you to "Save" or "Open" the file. Choose the "Save" option. You will then be asked to determine the location on your hard drive where you want the file to be saved.
2. Close the AESD-1 online file. You must use the file saved to your hard drive to input information. If you add information to the online file and print a copy, you will not be able to save the data.
3. Use the "Tab" key to advance from field to field. You can also hold down the "Shift" key and use "Tab" to go through the fields in reverse order.
4. If an information field has specific data requirements, this information is displayed in the "Status Bar" at the lower left hand

corner of your screen. For example, Box 2 (Current Name) has a maximum character limit.

5. In Box 7 (Address) the state field defaults to "CA". However, you can change the state designation.
6. Based on the type of member transaction (appointment, address changes, permanent separations, etc.) there may be common or repeated data on every form you submit to CalPERS. These could include your employer code, coverage groups, etc. You may want to save different versions of the form with the appropriate repeated data as templates for specific transactions.
7. When the form is completed, print it out and send or fax to CalPERS at the following address:

#### **CalPERS**

Actuarial and Employer Services Branch  
P.O. Box 942709  
Sacramento, CA 94229-2709  
or FAX (916) 795-3005

If you have any questions or need assistance completing the form, contact the CalPERS Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

An example of the PERS-AESD-1 is on the following page.

## PERS-AESD-1 Form



P.O. Box 942709  
 Sacramento, CA 94229-2709  
 Telephone (888) 225-7377  
 FAX (916) 795-3287  
 TDD (916) 795-3240

(Please PRINT or TYPE clearly)

INCOMPLETE OR IMPROPERLY COMPLETED FORMS MAY BE RETURNED TO YOU

## Member Action Request

<b>1</b> SOCIAL SECURITY NUMBER		<b>2</b> Current Name (First, Middle, Last)		<b>3</b> Daytime Phone Number ( )
<b>4</b> Date of Birth MM DD YYYY		<b>5</b> Gender <input type="checkbox"/> Female <input type="checkbox"/> Male <input type="checkbox"/> Unknown		<b>6</b> Former Name - For name changes only (First, Middle, Last)
<b>7</b> Mailing Address:  In Care of (if applicable):  Street/P.O. Box:  Additional Address Line:  City:  State: CA ZIP Code: -			<b>8</b> Remarks (pertaining to CalPERS)	
			<b>9</b> Employer Name	
<b>10</b> Effective Date of Action MM DD YYYY	<b>11</b> Subject to Section 20306 <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>12</b> Employer Code	<b>13</b> District Code (Schools only)	<b>14</b> Hire Date MM DD YYYY

**15** Type of Action (check all boxes that apply for this Effective Date; if none apply, indicate action needed in "Remarks" [#8] above):

- |   |   |  |
|---|---|--|
| A. <input type="checkbox"/> Appointment/Membership              | E. <input type="checkbox"/> Military Leave            | I. <input type="checkbox"/> Alternate Retirement Plan (G.C. 20306) |
| B. <input type="checkbox"/> Return from Leave                   | F. <input type="checkbox"/> Worker's Comp Leave       | J. <input type="checkbox"/> Name Change                            |
| C. <input type="checkbox"/> Separation, Permanent               | G. <input type="checkbox"/> Sabbatical Leave          | K. <input type="checkbox"/> Address Change                         |
| D. <input type="checkbox"/> Separation, Temp ( $\geq$ 2 months) | H. <input type="checkbox"/> Maternity/Paternity Leave | L. <input type="checkbox"/> Coverage Group Change                  |

<b>16</b> Coverage Group	<b>17</b> Job/Position Title	<b>18</b> $\frac{1}{2}$ @ 55 Formula  Cont. Rate: %
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**19** ☐ - This person is an Optional Member (e.g., "Elected Officer," "Legislative Employee") who is electing membership.  
 (Please attach appropriate election form AESD-3, AESD-59, or AESD-229)

<b>20 BASIS FOR MEMBERSHIP QUALIFICATION:</b> (Optional informational field. Check appropriate box.)
<input type="checkbox"/> Full-Time for > 6 months <input type="checkbox"/> Part-Time for $\geq$ 20 hours for 1 year or more <input type="checkbox"/> Indeterminate; at least 20 hours a week for 1 year or more <input type="checkbox"/> Has completed 1,000 hours or 125 days in fiscal year <input type="checkbox"/> Person is already a PERS member

**21** Form Completed By:

(Name &amp; Title)

(Telephone Number) (Fax Number) (Date)

(Signature of Certifying Officer) (Date)

PERS-AESD-1 (02/2002)

## ELECTION OF OPTIONAL MEMBERSHIP (PERS-AESD-59)

A completed and signed **Election of "Optional" Membership Form** (PERS-AESD-59), is required to validate and establish membership for an individual who qualifies as an "optional" member as an elective/appointive officer under G.C. section 20322. The form must be submitted with the **Member Action Request Form** (PERS-AESD-1), or after performing an electronic enrollment using ACES to satisfy the legal requirements.

Refer to the "Optional Members of CalPERS" section of this manual to determine "optional" membership eligibility.

### WHEN TO COMPLETE

Once it has been determined that the individual does qualify for and requests "optional" membership, the PERS-AESD-1 and PERS-AESB-59 forms should be completed and submitted to CalPERS for review and approval of membership.

1. The optional member must be advised of CalPERS rights to membership when first eligible for membership (i.e., upon first taking office) but the election can be made at any time during the qualifying employment - even on the incumbent's last day in office. You should document in your personnel records the fact that the information was provided to the individual, as well as any direct response received from the individual (e.g., "Ms. Smith declined membership at this time"). Do not send a notice to CalPERS if membership is declined.
2. The PERS-AESD-1 should be used only when the person has decided to establish membership for the "optional" position. It should not be completed as a means of requesting additional information about retirement benefits and obligations of membership, or to obtain cost information about purchasing credit for previous service. Complete the "Request for Service Credit Cost Information - Layoff, Prior Service & Optional Member Service" form to request such cost information.

3. The signed PERS-AESD-1 must be filed with CalPERS whether membership is established through submittal of that paper form or through ACES electronic filing.
4. You also need to complete the PERS-AESD-59 and enroll through a PERS-AESD-1 or ACES when a current active or inactive member assumes an "optional" member position and wishes to elect membership for that office. The individual's current CalPERS membership status does not serve to continue the person in membership *automatically*.

### OTHER GENERAL PROVISIONS AND INSTRUCTIONS

1. For CalPERS retirement purposes, optional members qualifying under G.C. section 20322 are considered to be full-time employees for all CalPERS purposes. (G.C. section 20899). Exclusions (i.e. temporary, part-time, daily-paid, etc.), in the Government Code and an employer's contract do not apply.

#### NOTE:

This full-time status may result in an overtime situation, if the member has any other concurrent CalPERS positions.

2. Optional members excluded by an agency's CalPERS contract remain excluded regardless of any PERS-AESD-59 election filed. Typical exclusions that can apply are "elective officers", "Members of the Governing Body", and those citing specific position titles.
3. The optional member must receive "compensation" in order for membership to be reported and service credit earned. Reimbursement of expenses alone is not considered compensation under the Government Code.
4. Elimination of, or waiver of compensation, once membership has been established does not constitute a "permanent separation" from membership for purposes of canceling membership and electing a

## *Election of Optional Membership*

refund of contributions, as long as the person remains active in the same position with the employer.

5. Membership should not be established for an optional member unless the PERS-AESD-59 is signed and filed with the CalPERS Board of Administration in accordance with the "When to Complete" instructions.
6. Complete the PERS-AESD-1 or the ACES electronic membership input:
  - Indicate permanent full-time employment status (e.g., indicate "Full-time for > 6 months").
  - Use a current/future membership effective date (you may wish to coordinate with the beginning date of next pay period so that it matches the effective date of contribution reporting to CalPERS).
  - Use a coverage group appropriate to the miscellaneous or safety status of the optional position. (Only a few optional members have safety status, however; e.g., the County Sheriff.) Agencies providing modified coverage group codes should determine if the optional position is excluded for Social Security purposes. The actual time required for the position, regardless of the full-time status indicated on the PERS-AESD-1 and PERS-AESD-59, is used to determine if Social Security time base
7. Submit the original signed form PERS-AESD-59 to CalPERS; retain copies for the member and employer personnel records.
8. Refer to the Payroll Reporting procedures "Pay rate/Earnings Relationship" for normal contribution reporting instructions.
9. An optional member may elect to contribute and receive service for previous qualifying employment. When purchasing previous service credit, an officer must purchase all previous "optional" member service, not just part of it.
10. An officer who is no longer in office, but is currently an active or inactive CalPERS member, may also elect to contribute for previous qualifying optional employment.
11. See the publication ***Service Credit Purchase Options*** (PUB-12) or refer to the ***Redeposit of Withdrawn Contributions and Other Types of Service*** publication. Do not attach the inquiry to the PERS-AESD-59 or the PERS-AESD-1; it should be submitted separately.

exclusions apply.

The fact a particular officer may work more or less than what is required for the position should not be considered in this determination.

***Election of Optional Membership Form*** (PERS-AESD-59) Microsoft Word file template can be downloaded to your computer.

In order to use the form on your computer, you must have Microsoft Word 97 or higher. To download and use the template, follow the instructions below:

1. Go to the CalPERS Web site at: [www.calpers.ca.gov](http://www.calpers.ca.gov).
2. Select "For Employers" button.
3. Select "Employer Forms & Publications Directory" hyperlink.
4. Select "Forms" hyperlink.
5. Select "CalPERS Retirement Program Forms" hyperlink, \* select "Election of Optional Membership – Elective Office, (PERS-AESD-59)" hyperlink.

If you have any questions or need assistance completing the form, contact the CalPERS Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

## INSTRUCTIONS TO COMPLETE THE PERS-AESD-59 ELECTION OF OPTIONAL MEMBERSHIP

ITEM	INSTRUCTIONS
Officer Title	Enter the title of the office held by the applicant.
Agency Name	Enter the name of the agency.
Agency Contact & Phone Number	Enter the name of the contact person and phone number of the contact person.
My Present Term Will Expire	Enter the date (month-day-year) on which the term will expire.
Printed Name in Full	Enter the employee's full name.
Signature	Enter the employee's signature.
Date	Enter the date the employee signed this election form.
Social Security Number	Enter the employee's Social Security Number. Verify with the Social Security card.
Address	Enter the employee's address.
Daytime Phone Number	Enter the employee's daytime phone number.
City & State	Enter the employee's city and state.
ZIP Code	Enter the employee's ZIP code.

## ELECTION OF OPTIONAL MEMBERSHIP (PERS-AESD-59) SAMPLE FORM

California G.C. section 20322 provides an "elective officer" is excluded from membership in the California Public Employees' Retirement System (CalPERS) unless he or she files with the Board of Administration an election in writing to become a member.

"Elective Officer" includes any officer of the Senate or Assembly who is elected by vote of the members of either or both the house of the Legislature and an appointive officer of a city or county occupying a fixed term of office, as well as officers of state or contracting agencies elected by the people. Exceptions are: (1) Effective July 1, 1994, elected or appointed officers of a county superintendents of schools, school district, or community college district, or of a contracting agency that is not a city or county, who serve on public commissions, boards, councils, or similar legislative or administrative bodies, other than city councils or county boards of supervisors, are excluded from membership with no right to elect optional membership unless continuously holding the office since June 30, 1994; (2) Effective July 1, 1994, any person holding the office of city attorney was continuously holding the office since June 30, 1994; (3) Effective January 1, 1997, city and county elected or appointed officers who serve on public commissions, boards, councils, or similar legislative administrative bodies, other than city councils or county boards of supervisors, are excluded from membership with no right to elect "optional" membership unless they have continuously held the office since December 31, 1996.

The election of "optional" membership may be filed at any time while a compensated elective officer holds the office and the office is not otherwise excluded by law or excluded by an agency's contract. Once elected, the membership remains in effect for all future service in an elective officer position with the same employer unless there is a significant break in employment. Once membership is established, it may be terminated only upon permanent separation from employment covered by CalPERS and subsequent withdrawal of retirement contributions. While a CalPERS member, you may contribute and receive credit for any previous eligible service in the elective officer position. The Member Services Division, P.O. Box 942704, Sacramento, CA 94229-2704, will handle any such requests to purchase previous service. The form to request "optional" member arrears service is on the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov), or you may request the **CalPERS Service Credit Purchase Options** publication from your employer, in which a copy of the **Optional Member Service** form (PERS-MSD-372) is included.

If your election for "optional" membership in CalPERS will result in concurrent service with employment credited in a private benefit plan or another public retirement system, please contact the organization for information regarding the impact of such concurrent service. If your election will result in concurrent service under CalPERS, please contact the Member Transactions Unit, Actuarial & Employer Services Division, at **888 CalPERS** (or 888-225-7377).

**PLEASE COMPLETE AND RETURN THIS ENTIRE FORM TO YOUR PERSONNEL OFFICE SO THEY CAN ESTABLISH YOUR MEMBERSHIP.**

I AM AN ELECTIVE OFFICER AS DEFINED BY THE ABOVE, being a/the (enter Officer Title) \_\_\_\_\_ of the (Agency name) \_\_\_\_\_ (Agency contact) \_\_\_\_\_ (Agency phone) ( ) \_\_\_\_\_

My present term will expire on \_\_\_\_\_, 20\_\_\_\_\_. In accordance with the provisions of G.C. section 20322, I ELECT TO BECOME A MEMBER OF CALPERS. I request that this election be filed with the Board of Administration of the California Public Employees' (CalPERS) as my election to become a member. I UNDERSTAND THIS ELECTION IS IRREVOCABLE AS LONG AS I REMAIN IN EMPLOYMENT AS A MEMBER.

_____ (Printed Name in FULL)	_____ (Signature)	_____ (Date)
_____ (SS Number)	_____ (Address)	
_____ (Daytime Telephone Number)	_____ (City & State)	_____ (ZIP Code)

## OVERTIME POSITIONS

Overtime compensation may not be reported in membership to CalPERS, either as compensation, or as employment which will result in service credit being given. G.C. section 20635 defines overtime as follows:

"(T)he aggregate service performed by an employee as a member for all employers and in all categories of employment in excess of the hours of work considered normal for employees on a full-time basis, and for which monetary compensation is paid."

CalPERS considers full-time employment to be between 34 and 60 hours per week. Employers generally have the ability to determine what constitutes full-time for an employee provided that the employee works between 34 and 60 hours per week (the exception is non-certificated school employers which is discussed below). Once the full-time weekly hours are determined the additional hours worked during the week by the employee will constitute overtime under G.C. section 20635.

G.C. section 20635.1 defines overtime as follows for school members:

"For the purposes of this part, overtime for school members is the aggregate service performed by an employee as a member for all school employers and in all categories of employment in excess of 40 hours of work per week, and for which monetary compensation is paid."

G.C. section 20636.1 states that for all non-certificated school members full-time employment is considered 40 hours per week. This means that all hours up to 40 per week must be reported to CalPERS for non-certificated school members at the straight time rate and only those hours above 40 are considered overtime.

If overtime compensation has been erroneously reported, CalPERS will instruct an employer to retroactively reverse out payroll entries. If overtime compensation was included in a retiree's final compensation period, it will be adjusted as well.

In order to prevent overtime situations from occurring, it is recommended that you check with your employees to see if they are working with any other CalPERS-covered employer. If unsure, contact the Employer Contact Center at **888 CalPERS** (or 888-225-7377).

Some situations that may arise in this connection are as follows:

1. The member currently holds one full-time position subject to CalPERS, and accepts a second concurrent part-time position either with the same employer, or with a different employer.

**RESULT:**

The part-time position is deemed to be "overtime", and may not be reported to CalPERS.

2. The member works more than one full-time position, either with the same employer (including different school districts in the same county), or with more than one CalPERS covered employer.

**RESULT:**

For service worked after July 1, 1994, only the position with the highest pay rate or base pay should be reported to CalPERS. (For service prior to July 1, 1994, contact CalPERS for instructions.)

3. The member holds more than one part-time position with the same CalPERS covered employer.

**RESULT:**

All part-time positions are reportable to CalPERS, as the law does not specifically provide for the exclusion of such positions.



## BIRTH DATE DISCREPANCY

The PERS-MEM-12 is used by CalPERS to request certification of the member's correct birth date. CalPERS may also contact you by phone, instead of sending the PERS-MEM-12, as well as incorporate such a request in a letter.

### WHEN TO COMPLETE

#### ACTIVE MEMBER

- If there is a birth date discrepancy and the birth date has not been certified by CalPERS, you can process the change in ACES.
- However, if this is not the first birth date change OR the birth date has been certified by CalPERS, you need to contact CalPERS to have it changed.

#### INACTIVE MEMBER

- If the member has separated and finds he or she has provided a birth date that is incorrect, CalPERS will request the member to provide one of the "Acceptable Documents" listed below.

### ACCEPTABLE DOCUMENTS

The following is the list of acceptable documents, listed in descending order of preference (i.e., with the most desirable documents listed first), to be used in resolving a birth date discrepancy. The document submitted must not be altered. It will be returned after the correct birth date has been established on our records.

1. BIRTH CERTIFICATE or HOSPITAL BIRTH RECORD established during the first few years of life. If you tell us the name of the state in which the member was born, we can furnish the address of that State's Bureau of Vital Statistics.
2. CALIFORNIA DRIVER LICENSE
3. NATURALIZATION/PASSPORT (U.S. or Canada)
4. FOREIGN PASSPORT that includes a valid INS-94 form (Record of arrival and departure).

5. BORDER CROSSING CARD with a valid INS-94 form (includes "Mica" and "Laser Visa" border crossing cards).
6. CHURCH BAPTISMAL, CRADLE or BLESSING RECORD, which shows a date of birth and was established during the first few years of life.
7. PRIMARY or SECONDARY SCHOOL RECORDS showing age at certain year or birth date. Write to the Superintendent of Schools to request records.
8. NATURALIZATION, PASSPORT or IMMIGRATION DOCUMENTS.
9. RECORDS OF AGE OR BIRTH DATE which are dated prior to 21st birthday, such as church, fraternal order, insurance, hospital, medical, adoption, guardianship, or newspaper notice of age.
10. DELAYED BIRTH CERTIFICATE. Provide the state in which the member was born, CalPERS can furnish the address of that state's Bureau of Vital Statistics.
11. CENSUS RECORDS from federal or state government—preferably first two taken after date of birth. Federal records can be requested on form BC-600. This form will be furnished upon request.
12. FAMILY BIBLE in which birth date was recorded within reasonable period of time after birth.
13. SOCIAL SECURITY CERTIFICATION documents which show the date of birth that has been established by the Social Security Administration (contact the Social Security Office where you applied for Social Security benefits).

In the event that none of the above listed documents are available, submit a written request to the Employer Services Division. If you have additional questions, feel free to contact the Employer Contact Center at **888 CalPERS** (or 888-225-7377).

## NOTICE OF CHANGE PERS-MEM-155 (CALPERS-INITIATED FORM)

The PERS-MEM-155 is prepared by CalPERS to notify agencies of changes they need to make. Correct your agency records as instructed on the form, for reasons such as:

- To cease reporting in membership an employee who is not qualified for membership.
- To cease reporting an overtime position.
- To certify an employee contribution rate change (e.g., due to establishment of reciprocity, or change from miscellaneous to safety);
- To notify your agency to correct the Coverage Group Code and any earnings and contributions reported in error; and
- To notify two-tier agencies (i.e., agencies providing two tiers/levels of retirement benefits) that a member has elected to redeposit, and is now eligible to return to the higher level of benefits (such eligibility is based on the member having earlier employment with your agency).



Member Services Division  
 P.O. Box 942704  
 Sacramento, CA 94229-2704  
 Telecommunications Device for the Deaf - (916) 795-3240  
 888 CalPERS (or 888-225-7377) FAX (916) 795-1224

# NOTICE OF CHANGE

Reply to Section:

Date:

PERS-MEM-155 (Rev. 03/00)

EMPLOYER		EMPLOYEE	
<b>EMPLOYEE RECORD SHOULD READ:</b>		<b>DELETE FROM EMPLOYEE RECORD:</b>	
MEMBER RATE OF CONTRIBUTION	EFFECTIVE DATE	MEMBER RATE OF CONTRIBUTION	EFFECTIVE DATE
SOCIAL SECURITY	COVERAGE GROUP	SOCIAL SECURITY	COVERAGE GROUP
1959 SURVIVOR BENEFIT	ACCOUNT CODE	1959 SURVIVOR BENEFIT	ACCOUNT CODE
EMPLOYER ACTION:			
COMMENTS:			

## FULL RECIPROCITY

Reciprocity is an agreement among public retirement systems to allow members to move from one public employer to another within a specific time limit without losing valuable retirement and related benefit rights.

There is no transfer of funds or service credit between retirement systems when an employee establishes reciprocity. The employee is a member of both systems and is subject to the membership and benefit obligations and rights of each system, except as they are modified by the reciprocity agreement.

The member must apply to retire from each system separately and will receive a separate retirement allowance from each system. The member must retire on the same date from each public retirement system participating in a reciprocal agreement for all benefits of reciprocity to apply.

CalPERS authority extends only to applying and implementing the California Public Employees Retirement Law; it does not extend to applying and implementing the laws or regulations under which other public retirement systems are administered. Questions relating to rights, benefits, and obligations under any of the other public retirement systems should be addressed directly to the appropriate system.

For more information on reciprocity, download or order a copy of *When You Change Retirement Systems* (PUB-16) at [www.calpers.ca.gov](http://www.calpers.ca.gov) or by calling 888 CalPERS (or 888-225-7377).

### RECIPROCAL 1937 ACT COUNTY RETIREMENT SYSTEMS

Alameda	Sacramento
Contra Costa	San Bernardino
Fresno	San Diego
Imperial	San Joaquin
Kern	San Mateo
Los Angeles	Santa Barbara
Marin	Sonoma
Mendocino	Stanislaus
Merced	Tulare
Orange	Ventura

### RECIPROCAL PUBLIC AGENCY RETIREMENT SYSTEMS

California Administrative Services Authority  
 City of Concord  
 City of Costa Mesa  
 (Safety employees only)  
 City of Fresno  
 (Miscellaneous and Safety Retirement Systems)  
 City of Los Angeles  
 City of Oakland  
 (non-Safety employees only)  
 City of Pasadena  
 (Fire and Police Retirement Systems)  
 City of Sacramento  
 City of San Clemente  
 (non-Safety employees only)  
 City of San Diego  
 City and County of San Francisco  
 City of San Jose  
 Contra Costa Water District  
 County of San Luis Obispo  
 East Bay Municipal Utility District  
 East Bay Regional Park District  
 (Safety employees only)  
 Long Beach Schools Business Management Authority  
 Los Angeles County Metropolitan Transportation Authority  
 (Non-Contract Employees' Retirement Income Plan, formerly Southern California Rapid Transit District)

#### NOTE:

With the exception of the University of California Retirement System/Plan, all of the above also have reciprocity with each other as a result of their having established reciprocity with CalPERS.

## RECIPROCITY REQUIREMENTS

### CONDITIONS FOR ACQUIRING THE BENEFITS OF FULL RECIPROCITY

Where CalPERS rights and benefits are involved, CalPERS will recognize reciprocity upon movement between reciprocal retirement systems if the following requirements are met:

1. The employee voluntarily elects reciprocity and continues in membership in CalPERS by leaving his or her contributions (if any) on deposit (or by later redepositing contributions he or she had withdrawn); and
2. The employee enters into employment that leads to membership in the new system within six months of leaving CalPERS employment (see note); and
3. The employee must retire on the same date under both systems by submitting a retirement application to each system respectively.
4. Certain exceptions may exist if the employee is employed under an independent public agency retirement system before the effective date of that system's reciprocal agreement with CalPERS.

#### NOTE:

Eligibility for reciprocity is determined by the retirement laws in effect at the time of movement between employers and retirement systems. Current CalPERS law requires movement within six months.

A member should complete the ***Election to Coordinate Retirement when Changing Retirement Systems*** form in the ***When You Change Retirement Systems*** publication (PUB-16).

### IMPORTANT RESTRICTIONS

#### CONCURRENT EMPLOYMENT

Reciprocity does not apply when the employment under the first retirement system overlaps the employment under the new system. For the benefits of reciprocity to apply, the employee must be separated under the first system prior to joining the new system. This may be true even if the overlapping time is due to running out leave credits. The employee should check with their current system and new system about their rules before they change employment. If they are concurrently employed we will use their highest rate of pay under CalPERS when computing their retirement allowance.

#### REFUND RESTRICTION

Some retirement systems may not allow the member to withdraw their member contributions while they are employed in a position covered by a reciprocal retirement system or California State Teachers Retirement System (CalSTRS), Judges' Retirement System (JRS), Judges' Retirement System II (JRS II), Legislators' Retirement System (LRS) or the University of California Retirement Plan (UCRP).

For more information, contact the following retirement systems:

California State Teachers Retirement System  
P.O. Box 15275  
Sacramento CA 95851-0275  
(800) 228-5453

Judges' and Legislators' Retirement System  
P.O. Box 942705  
Sacramento CA 94229-2705  
(916) 795-3688

University of California Retirement Plan  
P.O. Box 24570  
Oakland CA 94623-1570  
(800) 888-8267

## RIGHTS AND BENEFITS WITH FULL RECIPROCITY

Eligibility for reciprocity is determined by the retirement laws in effect at the time of movement between employers and retirement systems. The information contained here expresses current CalPERS law.

### FINAL COMPENSATION

Use highest compensation earnable under any system in computing final compensation if retirement from all systems is concurrent.

#### NOTE:

California County and Public Retirement Systems may have different criteria that will qualify a member to retire, which may be different than CalPERS requirements. If a member retires on a service retirement from another retirement system prior to their age eligibility under CalPERS, upon qualifying to retire under CalPERS, we will still use the member's highest rate of pay under any of the systems.

If the member became an elective or appointed officer after July 1, 1994, we will use the highest rate of pay under CalPERS.

### QUALIFICATION FOR BENEFITS

Service in the other system may be used to meet minimum service requirements for benefits.

### DISABILITY RETIREMENT

If the member is eligible for disability retirement from another system (or disability income from the University of California Retirement Plan) they may be entitled to CalPERS disability retirement benefits, if they retire from both systems on the same date. CalPERS would pay an amount that does not exceed the difference between the amount that would be paid by the other system if all of the member's CalPERS service were under that system, and the amount actually paid under the other system, but not less than an annuity that is the actuarial equivalent of the member's contributions.

When retirement under the other system is for disability arising out of and in the course of employment under the other system, CalPERS pays an annuity that is the actuarial equivalent of the member's contributions.

### PRE-RETIREMENT DEATH BENEFITS

If the member dies prior to retiring while employed as a member of another system, a lump-sum Basic Death Benefit consisting of a return of their CalPERS retirement contributions will be payable to a beneficiary. The total paid by both systems cannot exceed the maximum lump-sum benefit allowable if all service had been under the other system.

If the member is a Safety member of CalPERS and the death is job-related, the monthly Special Death Benefit allowance may be payable to a qualifying survivor.

### MEMBERSHIP RATE AGE

Miscellaneous members and most Safety members in CalPERS have retirement formulas with a fixed rate of contribution and are not affected by their age at entry into the other system. However, other systems may use age at entry for their contribution rate. The member should check with the appropriate system for information.

## CALPERS BENEFITS FOR NON-QUALIFYING INDIVIDUALS

Even if the member does not qualify for full reciprocity, CalPERS offers redeposit rights, vesting, and University of California Retirement Plan final compensation.

In addition, if their employer established a reciprocal agreement with CalPERS after they changed membership, and they would have been eligible for reciprocity had an agreement been in effect at the time of their membership change, their retirement allowance will still be based on the highest final compensation under either system, as long as they retire on the same date under both systems.

### REDEPOSIT RIGHTS

If the employee withdrew their CalPERS contributions and interest and later joined a reciprocal retirement system, they can re-establish CalPERS service credit and membership by making a redeposit.

### REFUND RESTRICTION

The member may not withdraw their CalPERS contributions once they have entered employment covered by the University of California Retirement Plan (UCRP) or if, within six months of leaving State service, they entered employment covered by a system under the County Employees' Retirement Law of 1937 or covered by certain other public agency retirement systems.

### VESTING

If the employee is a CalPERS member who is also a member of a reciprocal retirement system, they are eligible to retire from CalPERS without meeting the CalPERS minimum service credit requirement (but they must still meet the minimum age requirement).

### UNIVERSITY OF CALIFORNIA RETIREMENT PLAN FINAL COMPENSATION

The average pay rate during any 12-month or 36-month period of employment with the University of California will be used for computing final compensation, if the member retires from both systems on the same date.

## CALPERS BENEFITS ARISING FROM MOVEMENT TO RECIPROCAL AND CERTAIN NON-RECIPROCAL PUBLIC RETIREMENT SYSTEMS

There is no formal reciprocity agreement established between CalPERS and the following systems:

- California State Teachers' Retirement System (CalSTRS)
- Legislators' Retirement System (LRS)
- Judges' Retirement System (JRS)
- Judges' Retirement System II (JRS II)

However, the following benefits and requirements apply to CalPERS members who enter employment with these systems and retire on the same date under both systems.

### FINAL COMPENSATION

CalPERS will compute the member's final compensation based on the highest rate of pay under CalSTRS, LRS, JRS, JRS II, or CalPERS during any consecutive 12-month or 36-month period of service as long as they retire on the same date under both systems. (If a member became an elective or appointed officer on or after July 1, 1994, we will use their highest rate of pay under CalPERS.)

### REDEPOSIT RIGHTS

A member of CalSTRS, LRS, JRS, or JRS II may redeposit in CalPERS previously withdrawn CalPERS contributions in order to re-establish service credit in this system.

To receive this credit, a member's election must be filed with CalPERS before their retirement is effective (G.C. section 21032). The employee should request cost information at least one year prior to their retirement date to ensure accurate and timely payment of benefits. The right to redeposit contributions is not one of the uniform reciprocal provisions; it varies among the different public retirement systems. Contact the particular retirement system to learn of its policy regarding redepositing.

### REFUND RESTRICTION

A member's CalPERS contributions may not be withdrawn while the member is in active employment as a member of CalSTRS, LRS, JRS, or JRS II.

### VESTING

A CalPERS member who is a member of CalSTRS, LRS, JRS, or JRS II is eligible to retire from CalPERS without meeting the CalPERS minimum service credit requirement (but must still meet the minimum age requirement).

### DISABILITY RETIREMENT

There is no provision for CalPERS disability retirement when a member is eligible for a disability benefit from CalSTRS, LRS, JRS, or JRS II. They must instead take a CalPERS service retirement on the same date they take disability retirement from the other system in order for the provisions of final compensation to apply. (If they retire on a disability retirement from the other system before they have met the CalPERS minimum service retirement age, they can later retire under CalPERS. We will use their highest CalPERS pay rate to determine their final compensation amount.)

If they will be receiving a disability allowance from CalSTRS, they can take a service retirement from CalPERS at the same time (if they meet the minimum retirement age) OR at age 60, when the disability allowance under CalSTRS is changed to a service retirement. Either way, they are considered to have retired on the same date under both systems, and CalPERS will compute their final compensation based on the highest rate of pay under either system.



## HOW TO NOTIFY CALPERS WHEN THE MEMBER CHANGES RETIREMENT SYSTEMS

When the employee becomes a member of a reciprocal or non-reciprocal public retirement system, they can notify CalPERS by one of the following methods:

- Complete the *Election to Coordinate Retirement When Changing Retirement Systems* form in the *When You Change Retirement Systems* publication (PUB-16).
- Complete one of the forms in the CalPERS Refund Election Package (public agency or school employees) or the separation document (State employees) when separating from CalPERS-covered employment.

Please direct requests for information or inquiries to:

**CalPERS**  
Member Services Division, Section 841  
P.O. Box 942704  
Sacramento, CA 94229-2704

### JRS, JRS II, AND LRS MEMBERS

Contact the Judges' or Legislators' Retirement Systems directly when an employee becomes a member of a reciprocal or non-reciprocal public retirement system:

Judges' & Legislators' Retirement Systems  
P.O. Box 942705  
Sacramento, CA 94229-2705  
(916) 795-3688  
(916) 795-1500 — Fax

### LONG-TERM CARE PROGRAM MEMBERS

If the member is enrolled in the CalPERS Long-Term Care Program and has premiums deducted from their check, they should call the program's Customer Service Center at (800) 982-1775 to find out what steps they need to take to continue their premiums after retirement.

## EMPLOYER CERTIFICATION OF SERVICE CREDIT PURCHASE OPTIONS

### SERVICE CREDIT

Service credit represents the accumulated amount of your employees' service time at work or on paid status under their CalPERS-covered employer or employers, counted on a fiscal year basis.

Service credit is one of three prime factors used to calculate an employee's retirement benefit, along with their retirement formula and final compensation.

### EMPLOYER ROLE IN SERVICE CREDIT PURCHASES

Three types of service credit require employer certification of the application requesting the service credit purchase.

- Service Prior to Membership
- Leave of Absence
- Layoff, Prior Service, Optional Member Service

CalPERS offers a variety of service credit purchase options to your employees that do not require employer certification. These include:

- Redeposit of Withdrawn Contributions
- Additional Retirement Service Credit
- Military Service
- Peace Corps, Americorps VISTA & Americorps

For a complete list, please refer to the CalPERS publication ***A Guide to Your CalPERS Service Credit Purchase Options*** available in the CalPERS Forms and Publications Center or by calling **888 CalPERS** (or 888-225-7377).

### EMPLOYER COST

The service credit purchases where employers are actually billed are:

- Member-Paid Arrears (for the employer share)

- Employer-Paid Arrears (for the member and employer share)
- Settlement Agreement (Employers may pay a percentage, up to 100%, of the member's share of contributions and interest due in addition to the employer share.)

For other service credit purchases, the employer liability is funded by the actuarial evaluation and setting of the employer rate based on the service that has been posted to the employer.

### SERVICE PRIOR TO MEMBERSHIP

Service Prior to Membership (SPM) is service rendered after the date of contract between a public agency, State, or School District and the System, but before the employee entered CalPERS membership. This may include time spent working for a federal or State employer under the Comprehensive Employment and Training Act (CETA). Election to contribute for SPM will result in additional service credit. Persons who were employed under the following conditions are eligible for service prior to membership:

1. Those who worked the six months membership qualification period prior to July 18, 1961.
2. Those who worked the part-month membership qualification period between July 18, 1961 and October 1, 1963.
3. Those employed less than 87 hours per month or less than an average of 20 hours per week prior to becoming a member.
4. Those formerly employed in temporary or seasonal employment in which they were excluded from membership under G.C. section 20305.
5. Those "optional" elective officers, Governor appointees and Legislative employees who are excluded because of their failure to exercise their right of election of membership under G.C. sections 20320, 20322, 20324, or 21021 and are no longer working in an "optional" position. If still in an "optional" position, refer to the "Optional Member Service" section.
6. Those who worked under CETA for a federal- or State-sponsored program such as the Public Employee Program, Public

Service Employment, Disabled Veterans' Outreach Program, Public Service Employment Program, or Cal Esteem.

To receive this credit, a member's request must be filed with CalPERS before their retirement is effective.

Active or inactive CalPERS members cannot purchase CalPERS service time if:

1. The agency where the service was earned does not currently have a contract with CalPERS
2. Their service is excluded by law or by the employer's contract with CalPERS
3. They worked at a school in a certificated position (You may want to contact the California State Teachers' Retirement System (CalSTRS) to find out if you can purchase the service with that system.)
4. They worked at the University of California after October 1, 1963.
5. They are retired.

#### CERTIFICATION

When a member requests to purchase Service Prior to Membership, they are provided with a ***Request for Service Credit Cost Information Service Prior to Membership, CETA & Fellowship*** form (PERS-MSD-370). On this form, they indicate the prior employer information, including the period of employment and hours or time base worked per month. If this employment is with the State or with a California State University, this form is sent to CalPERS for processing. If this employment is with a Public Agency or County School, this form is then sent to that employer for certification. If the employer does not agree with the information provided by the member, the employer is asked to complete Section 5 with detailed employment information. CalPERS relies on the information provided to determine and apply all appropriate service credits. If certification results in a change in employment history relied upon by CalPERS, there is a potential employer liability.

#### MILITARY SERVICE PRIOR TO MEMBERSHIP

##### PUBLIC AGENCY MEMBERS

G.C. section 21024 effective December 1, 1975 and amended December 1, 1977 provides that public agency members may be eligible to receive military service credit, provided:

1. Public agency amends their contract accordingly.

2. Military service was rendered prior to CalPERS membership with contracting agency which has amended their contract.
3. Member makes contributions required. Payments may be made in one lump sum or by installment payments.
4. Members may receive credit not to exceed four years.

##### PUBLIC AGENCY RETIREES

G.C. section 21027 provides that public agency retirees may be eligible to receive credit for their military service, provided:

1. Public agency amends their contract for G.C. section 21024 and 21027.
2. Military service was rendered prior to CalPERS membership with contracting agency that has amended their contract accordingly.
3. The member retired immediately from the contracting agency and before the effective date of the agency's contract amendment for G.C. section 21024.
4. Retiree makes contributions required.
5. Retiree may receive credit not to exceed four years.

##### MILITARY SERVICE CREDIT AS PRIOR SERVICE

G.C. section 20996 provides employees, who are or were on military leave at the time your agency contracts for CalPERS coverage and returned to employment with your agency within six months after discharge from active military duty, can receive prior service credit for the period of their absence. If your agency provides this benefit, former employees employed by other CalPERS employers would also be eligible for this service credit. Your agency would be liable for the cost.

##### STATE AND COUNTY SCHOOL MEMBERS AND RETIREES

G.C. section 21029 provides that State employees and retirees may be eligible to receive credit for their military service. To be eligible the member or retiree must:

1. Currently be employed with or retired directly (within 120 days of separation) from the State employment.
2. Must have a minimum of one year of CalPERS service and one year of military service. Service is granted on a basis of one year of military service credit for each year of credited CalPERS service credit, not to exceed four years.
3. Make election to purchase the service credit.

4. In addition, State retirees must have retired on or after December 31, 1981.

The cost for the military service is based on current pay rate, the amount needed to fund the benefit, and how much military service credit is purchased. Members can use the online Service Credit Cost Estimator on the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov) to get an estimate of this cost.

### LEAVE OF ABSENCE

There are certain conditions in which some leaves of absence and some public employment may be creditable under CalPERS.

To receive this credit, a member's written request must be filed with CalPERS before their retirement is effective.

### CERTIFICATION

When a member requests to purchase Service Prior to Membership for a Leave of Absence, they are provided with a **Request for Service Credit Cost Information Service Prior to Membership – Leave of Absence** form (PERS-MSD-371). On this form, they indicate the prior employer information, including the period of employment and hours or time base worked per month. The member completes sections 1-3, and the employer completes section 4. Upon completion, the employer may return the form to the member or forward it to the employee's Worker Compensation carrier for Temporary Disability certification, as appropriate.

### TEMPORARY DISABILITY LEAVE

Temporary disability leave is time off while receiving temporary disability payments because of a job-related injury or job-related illness.

Members must either return to active CalPERS membership or retire. There is no limit to the amount of time members may purchase.

### EDUCATIONAL LEAVE OF ABSENCE

Educational leave of absence is time off to pursue higher education.

Members must be a State, University of California, or California State University employee both before and on their return from the leave. Members may purchase a maximum of two years' service credit (even if the combined

total of your educational leaves exceeds two years).

### SERIOUS ILLNESS LEAVE OF ABSENCE

Serious illness leave is an employer-approved uncompensated leave of absence because of a serious illness.

The employer must certify the member was approved for a leave because of their own serious illness. The member must return to active service with a CalPERS-covered employer following the leave. There is no maximum time a member can purchase.

### SERVICE LEAVE

Service leave is time off to work with a college or university; a local, State, federal, or foreign government agency; or certain nonprofit organizations.

Members may purchase a maximum of two years' credit for each service leave. Members must return to CalPERS-covered employment after service leave. By law, some service leaves of absence are not eligible for CalPERS service credit, even if the employer gives prior approval.

### CREDIT FOR ABSENCE FROM EMPLOYMENT FOR MILITARY SERVICE

G.C. sections 20990 through 20998 provide that a member who was absent on military service may be eligible to receive credit for the absence at employer cost. To be eligible for this service credit the member must have:

1. Been in the employment of a CalPERS covered agency prior to entering military service.
2. Been granted a military leave or have resigned from employment for the purpose of entering active duty in the armed forces.
3. Entered active duty within 90 days after leaving agency employment.
4. Returned to employment with the same agency, the State, or another agency contracting with CalPERS within six months after discharge from active duty. If the member did not return to employment within six months after discharge, they may be eligible to purchase this service credit.

## LAYOFF, PRIOR SERVICE, & OPTIONAL MEMBER SERVICE

### CERTIFICATION

When a member requests to purchase Service Prior to Membership for layoff, prior service, or optional member service, they are provided with a **Request for Service Credit Cost Information Service Prior to Membership – Layoff, Prior Service & Optional Member Service** form (PERS-MSD-372). On this form, they indicate the prior employer information, including the period of employment. The member completes sections 1-3, and the employer completes sections 4-6, as appropriate. If this employment is with the State or with a California State University, employer certification is not required and this form is sent to CalPERS for processing. Upon completion, the employer returns the form to the member.

### LAYOFF

G.C. section 21022 allows certain local members, under specified conditions, to purchase service credit for a period of unemployment resulting from a layoff. The section only applies when a member previously laid off is then rehired by the same public agency and only when the public agency has contracted for this provision. No similar provision exists in the Public Employees' Retirement Law for State and school employees who have been laid off and are later rehired.

### PRIOR SERVICE

Prior Service is service rendered before the date of contract between a public agency and CalPERS or for service rendered before the effective date a contract exclusion is removed, pursuant to G.C. section 20503, for those in previously excluded classes. Prior Service is also service rendered for the State of California before January 1, 1932, or for part-time State Employment between January 1, 1932 and September 19, 1939. (G.C. sections 20930, 20931, 20933, 20934 and 20972)

### EXCEPTION - LOCAL SYSTEM

A former member of the local retirement system who withdrew any contributions prior to the effective date of that agency's contract with this system is entitled to credit for the service upon which those contributions were made if they elect to deposit any of those withdrawn contributions with this system under the terms and conditions

specified in G.C. section 20750. (G.C. section 20531)

### OPTIONAL MEMBER SERVICE

Optional member service is time spent working in certain exempt, appointed, or elected positions that allow employees the option of joining CalPERS.

Employees can purchase service credit for optional member service if they are (or elect to become, if eligible) a CalPERS member. Employees cannot purchase service credit for optional member service if their employer did not contract for this option or are retired.

The following employees are considered optional members:

- A State employee who was appointed by the Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, or Superintendent of Public Instruction and is exempt from civil service.
- Some officials elected or appointed to a fixed term of office with a city or county (this may include city attorneys and elected/appointed officials of schools and contracting agencies; eligibility is determined by the dates of your term of office).
- An employee of the California State Senate or Assembly whose wages are paid from funds controlled by either body.

Employees must be an optional member on the date they request their cost information, and they must elect CalPERS membership at the same time. There are no limitations on the amount of time that can be purchased.

### NOTE:

If they formerly held an optional position and are now a CalPERS member, they can also purchase their former service. See Service Prior to Membership for instructions.

## **CONTRACT EXCLUSIONS**

If the requested employment is excluded by the employer's CalPERS contract, the purchase of this service credit is not possible. If the exclusion was removed or superseded by law after the employment was rendered, service credit rights would depend on the Government Code provisions under which the exclusion was removed.

## **PAYMENT METHODS**

A member may elect, at any time prior to retirement, to make contributions for redeposit or other types of eligible service credit. If a member elects a cash lump-sum payment, no notification will be sent to the employer.

If a member files with the System an election to redeposit or contribute for service prior to membership or other "public service" by installment payments, the System will certify and approve the election and send the agency an authorization for payroll deductions.

No deductions should be made until the authorizing PERS-MEM-823A is received.

## ADDITIONAL INFORMATION ON SERVICE CREDIT PURCHASE OPTIONS

### REDEPOSIT OF WITHDRAWN CONTRIBUTIONS

Members of this System have the right to redeposit contributions previously withdrawn from CalPERS. The redeposit of withdrawn contributions restores service credit for previous employment. The member must redeposit the amount withdrawn, plus a sum equal to the interest which would have accrued had the member's funds been left on deposit. Interest will be charged from the first of the month following the date of withdrawal to the date of final payment. Payments may be made in one lump sum or by installment payments, or by a combination of an initial partial lump sum payment and the balance by installment payments. To receive this credit, a member's request must be filed with CalPERS before their retirement is effective (G.C. sections 20750 and 20752).

A member whose ex-spouse received a portion from the member's account as part of a community property judgment or settlement AND took a refund of the contributions, can redeposit those funds in CalPERS.

Exception – If the member's previous employers have terminated their contract with CalPERS, the member may not redeposit their withdrawn contributions.

To receive this credit, a member's request must be filed with CalPERS before their retirement is effective (G.C. sections 21020 and 21028).

### ADDITIONAL RETIREMENT SERVICE CREDIT

G.C. section 20909 allows eligible members to purchase up to 5 years of additional service credit if the following eligibility requirements are met:

1. Members must be actively employed in compensated employment at the time they request cost information, on or after January 1, 2004.
2. Member must have a minimum of 5 years of earned service credit.
3. Employers do not need to contract for this service credit type.
4. Member may purchase service in whole year increments between 1 and 5 years.
5. This service credit cannot be used for retirement vesting, health benefits vesting, or to reach 10 years of service for enhanced disability retirement benefits.

## AUTHORIZATION FOR CONTRIBUTION AND/OR RATE ADJUSTMENT PERS-MEM-823A (CALPERS-INITIATED FORM)

To certify the amount of contributions due from the employee for arrears, service prior to membership, redeposit, military service credit, partially compensated leave of absence or other instances when payment is due from the member.

### SPECIAL INSTRUCTIONS

1. The PERS-MEM-823A is prepared by CalPERS. It authorizes your agency to take an extra deduction each service period for contributions due CalPERS from the member. Report the payment as a separate line entry on your payroll listing, using a Contribution Code 04 or 14. If the member has more than one payment with the same contribution code (04 or 14), payments can be reported together or separately. If the payments have a different contribution code (04 or 14), the payments need to be reported separately. If the member elects additional service credit all payments are to be taken concurrently, unless notified by CalPERS.
2. The amount of the payment is in addition to the normal contributions being reported each pay period.
3. Do not apply the changes in contribution rate and/or extra deductions prior to the effective date shown on the PERS-MEM-823A. Do not change payment amount, number of payments, or payroll reporting type without contacting CalPERS.
4. Contribution Code 04 and 14 deductions must not be reported unless authorized by a form PERS-MEM-823A.
5. It is the agency's responsibility to take only the number of Code 04 or 14 deductions authorized. CalPERS will not notify you to stop deductions. If the payments exceed the original schedule, the agency will be responsible for backing-out the overpayment(s) to CalPERS and refunding the member.
6. It is not necessary to return a copy of the PERS-MEM-823A to CalPERS to indicate deductions are being taken.
7. If a member pays the lump sum, a notification will be sent requesting the deductions be stopped with a specific pay period. It is the agency's responsibility to stop the deduction as of the specified pay period. If the member leaves employment at your agency, contact CalPERS immediately.



Authorization for Contribution and/or Rate Adjustment (PERS-MEM-823A)



AUTHORIZATION FOR CONTRIBUTION AND/OR RATE ADJUSTMENT  
PERS-MEM-823 A PAUC  
Telecommunications Device for the Deaf - (916) 795-3240  
Telephone: (916) 795-2031

EMPLOYER CODE		EMPLOYER		AGENCY UNIT CODE		MAILING DATE	
SOCIAL SECURITY NUMBER			MEMBER NAME			COVERAGE GROUP	
EFFECTIVE DATE	CONTRIBUTION TYPE			CONT. CODE	NO. OF PAYMENTS	PAYMENT AMOUNT	PAYROLL TYPE

Instructions:

- Begin payments starting with the above effective date. If there is a change in the effective date notify CalPERS.
- The member elected \_\_\_\_\_ payments. Use contribution code \_\_\_\_ to report the payments.
- DO NOT change the payment amount or number of payment without authorization from CalPERS.
- If the member separates, contact CalPERS immediately.
- If you agency payroll reporting type changes, contact CalPERS. DO NOT change the payment amount without authorization.
- If the member has more than one payment with the same contribution code (04 or 14) payments can be reported together or separately. If the payments have a different contribution code (04 or 14), the payments need to be reported separately. If member elects additional service credit all payments are to be taken concurrently, unless notified by CalPERS.
- It's the agency's responsibility to ensure that the correct number of payments is reported to CalPERS. If payments exceed the original schedule, the agency will be responsible for backing out the overpayment(s) to CalPERS and refunding the member.

If you have any questions, please contact this office.

Election Processing Unit  
Member Services Division

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# **Attachment C**



Actuarial Office  
P.O. Box 1494  
Sacramento, CA 95812  
Telecommunications Device for the Deaf - (916) 795-3210  
(888) CalPERS (225-7377) FAX (916) 795-2744

October 2009

**MISCELLANEOUS PLAN OF THE CITY OF SAN JOSE (EMPLOYER # 1729)**  
**Annual Valuation Report as of June 30, 2008**

Dear Employer,

Enclosed please find a copy of the June 30, 2008 actuarial valuation report of your pension plan. Since your plan had less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool. The following valuation report has been separated into two Sections:

- Section 1 contains specific information for your plan, including the development of your pooled employer contribution rate, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to your plan, as of June 30, 2008.

This report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary is available to discuss the actuarial report with you.

**Changes Since the Prior Valuation**

There may be changes specific to your plan such as contract amendments and funding changes.

**Future Contribution Rates**

The exhibit below displays the required employer contribution rate and Superfunded status for 2010/2011 along with an estimate of the contribution rate and Superfunded status for 2011/2012. The estimated rate for 2011/2012 is based on a projection of the most recent information we have available, including an estimate of the investment return for fiscal 2008/2009, namely -28.0%. Please disregard any projections that we may have provided to you in the past.

Fiscal Year	Employer Contribution Rate	Superfunded?
2010/2011	14.139%	No
2011/2012	15.4% (projected)	No

Member contributions (whether paid by the employer or the employee) are in addition to the above rates.

The estimate for 2011/2012 assumes that there are no amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.). This is a very important assumption because these gains and losses do occur and can have a significant effect on your contribution rate. Even for the largest plans, such gains and losses can impact the employer's contribution rate by one or two percent or even more in some less common instances. These gains and losses cannot be predicted in advance so the projected employer contribution rate for 2011/2012 is just an estimate. Your actual rate for 2011/2012 will be provided in next year's report.

If you have questions, please call (888) CalPERS (225-7377). In the interest of allowing us to give every public agency their result, we ask that, if at all possible, you wait until after October 31 to contact us with questions.

Sincerely,

Ronald L. Seeling, Ph.D., FCA, ASA, MAAA  
Enrolled Actuary  
Chief Actuary, CalPERS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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**Actuarial Valuation  
as of June 30, 2008**

**The MISCELLANEOUS PLAN  
of the CITY OF SAN JOSE  
(Employer# 1729)**

**Required Contributions  
For Fiscal Year  
July 1, 2010 - June 30, 2011**



California Public Employees' Retirement System  
P.O. Box 942709  
Sacramento, CA 94229-2709  
1-888-CalPERS (225-7377)

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- SECTION 2 - RISK POOL ACTUARIAL VALUATION INFORMATION

# Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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Plan Specific Information for  
The MISCELLANEOUS PLAN  
of the CITY OF SAN JOSE  
(Employer# 1729)  
(Rate Plan # 3219)

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# SECTION 4 - PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE CITY OF SAN JOSE

## Purpose of Section 1

Section 1 of this report was prepared by the Plan Actuary in order to:

- Certify that the actuarially required employer contribution rate of the MISCELLANEOUS PLAN of the CITY OF SAN JOSE for the fiscal year July 1, 2010 through June 30, 2011 is 14.139%;
- Set forth the plan's Employer Side Fund as of June 30, 2008;
- Provide pension information as of June 30, 2008 to be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement Number 27.

This section was prepared in order to provide actuarial information as of June 30, 2008 to the CalPERS Board of Administration and other interested parties

Use of this report for other purposes may be inappropriate.

## Required Employer Contributions

	Fiscal Year 2009/2010	Fiscal Year 2010/2011
Employer Contribution Required (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 59,274	\$ 71,565
Risk Pool's Payment on Amortization Bases	3,601	6,796
Surcharge for Class 1 Benefits		
None	0	0
Phase out of Normal Cost Difference	4,163	0
Amortization of Side Fund	50,718	52,366
<b>Total Employer Contribution</b>	<b>\$ 117,756</b>	<b>\$ 130,727</b>
<b>Annual Lump Sum Prepayment Option*</b>	<b>\$ 113,442</b>	<b>\$ 125,938</b>
Projected Payroll for the Contribution Fiscal Year	\$ 767,803	\$ 924,617
Employer Contribution Required (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	7.720%	7.740%
Risk Pool's Payment on Amortization Bases	0.469%	0.735%
Surcharge for Class 1 Benefits		
None	0.000%	0.000%
Phase out of Normal Cost Difference	0.542%	0.000%
Amortization of Side Fund	6.606%	5.664%
<b>Total Employer Contribution</b>	<b>15.337%</b>	<b>14.139%</b>

Appendix C of Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Risk pooling was implemented as of June 30, 2003. The normal cost difference was scheduled to be phased out over a five year period. The phase out of normal cost difference began at 100% for the first year, and was incrementally reduced by 20% of the original normal cost difference for each subsequent year.

\*Payment must be received by CalPERS between July 1 and July 15.

SECTION 1 - PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE CITY OF SAN JOSE


## Actuarial Certification

Section 1 of this report is based on the member and financial data as of June 30, 2008 provided by your agency and contained in our records, and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2008 provided by employers participating in the risk pool and contained in our records, and benefit provisions under the CalPERS contracts for those agencies participating in the risk pool.

As set forth in Section 2 of this report, the Pool Actuaries have certified that, in their opinion, the valuation of the Risk Pool containing your MISCELLANEOUS PLAN has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the Risk Pool, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for your plan, it is my opinion as your Plan Actuary that the Side Fund as of June 30, 2008 and employer contribution rate as of July 1, 2010, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS and a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



David Clement, ASA, MAAA, EA  
Senior Pension Actuary, CalPERS  
Plan Actuary

## Projected Contributions

The rate shown below is an estimate for the employer contribution for Fiscal Year 2011/2012. The estimated rate is based on a projection of the most recent information we have available, including an estimate of the investment return for fiscal year 2008/2009, namely -28.0%:

Projected Employer Contribution Rate: 15.4%

The estimate also assumes that there are no liability gains or losses among the plans in your risk pool, that your plan has no new amendments in the next year, and that your plan's and your risk pool's payrolls both increase exactly 3.25% in the 2008/2009 fiscal year. Therefore, the projected employer contribution rate for 2011/2012 is just an estimate. Your actual rate for 2011/2012 will be provided in next year's report.

## Rate Volatility

Your plan's employer contribution rate will inevitably fluctuate, for many reasons. However, the biggest fluctuations are generally due to changes in the side fund rate resulting from unexpected changes in payroll. The following figure shows how much *your* 2011/2012 rate would change for each 1% deviation between our 3.25% payroll growth assumption and your actual 2008/2009 payroll growth.

### POTENTIAL 2011/2012 RATE IMPACT FROM 2008/2009 PAYROLL DEVIATION

% Rate Change per 1% Deviation from Assumed 3.25% Payroll Growth: (0.054%)

Examples: To see how your employer contribution rate might be affected by unexpected payroll change, suppose the following:

- The % Rate Change per 1% Deviation figure given above is -0.400%
- Your plan's payroll increased 10% in 2008/2009 (6.75% more than our 3.25% assumption).

Then your 2011/2012 rate would decrease  $-0.400\% \times (10 - 3.25) = -2.70\%$  from that cause alone.

Or conversely, using the same % Rate Change per 1% Deviation figure given above, suppose your plan's payroll remained the same in 2008/2009 (3.25% less than our 3.25% assumption).

Then your 2011/2012 rate would increase  $-0.400\% \times (0 - 3.25) = 1.3\%$  from that cause alone.

Note that if your plan had a negative side fund, an unexpected payroll increase would spread the payback of the negative side fund over a bigger payroll, which would decrease your plan's side fund percentage rate and the total employer contribution rate. On the other hand, if your plan had a positive side fund, an unexpected payroll increase would spread the payback of the positive side fund over a smaller payroll, which would increase your plan's side fund percentage rate and the total employer contribution rate. In either case, the Side Fund dollar amount would not change.

## Employer Side Fund

At the time of joining a risk pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of your plan. The side fund for your plan as of the June 30, 2008 valuation is shown in the following table.

Your side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is currently 7.75%. A positive side fund will cause your required employer contribution rate to

# SECTION 1 - PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE CITY OF SAN JOSE

be reduced by the Amortization of Side Fund shown above in Required Employer Contributions. A negative side fund will cause your required employer contribution rate to be increased by the Amortization of Side Fund. In the absence of subsequent contract amendments or funding changes, the side fund will disappear at the end of the amortization period shown below.

## Employer Side Fund Reconciliation

	June 30, 2007	June 30, 2008
Side Fund as of valuation date*	\$ (411,031)	\$ (393,502)
Adjustments	0	0
Side Fund Payment	47,575	49,122
Side Fund one year later	\$ (393,502)	\$ (373,008)
Adjustments	0	0
Side Fund Payment	49,122	50,718
Side Fund two years later	\$ (373,008)	\$ (349,269)
Amortization Period	9	8
Side Fund Payment during last year	\$ 50,718	\$ 52,366

\* If your agency employed vouchers in fiscal year 2007/2008 to pay employee contributions, the June 30, 2008 Side Fund amount has been adjusted by a like amount without any further adjustment to the Side Fund's amortization period. Similarly, the Side Fund has been adjusted for the increase in liability from any recently adopted Class 1 or Class 2 contract amendments. Also, the Side Fund may be adjusted or eliminated due to recent lump sum payments. Contract amendments and lump sum payments may result in an adjustment to the Side Fund amortization period.

## Superfunded Status

	June 30, 2007	June 30, 2008
Is the plan Superfunded?	No	No
[Yes if Assets exceed PVB, No otherwise]		

## Summary of Participant Data

Below is a table showing a summary of the active member data for your plan upon which this valuation is based:

	June 30, 2007	June 30, 2008
Projected Payroll for Contribution Purposes	\$ 767,803	\$ 924,617
Number of Members		
Active	9	10
Transferred	4	5
Separated	5	5
Retired	9	9

## List of Class 1 Benefit Provisions

- None

## Information for Compliance with GASB Statement No. 27 for Cost-Sharing Multiple-Employer Defined Benefit Plan

Your plan is part of the Miscellaneous 2% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Under GASB 27, an employer should recognize annual pension expenditures/expense equal to its contractually required contributions to the plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2010 to June 30, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. Your contribution rate for the indicated period is 14.139% of payroll. In order to calculate the dollar value of the contractually required contributions for inclusion in financial statements prepared as of June 30, 2011, this contribution rate, as modified by any subsequent financing changes or contract amendments for the year, would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2010 to June 30, 2011. However, if this contribution is fully prepaid in a lump sum, then the dollar value of contractually required contributions is equal to the lump sum prepayment. The employer and the employer's auditor are responsible for determining the contractually required contributions. Further, the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years is to be disclosed under GASB 27.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plan.

Valuation Date	June 30, 2008
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.

Complete information on assumptions and methods is provided in Appendix A of Section 2 of the report. Appendix B of Section 2 of the report contains a description of benefits included in the Risk Pool Actuarial Valuation.

A Schedule of Funding for the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll for the risk pool(s) to which your plan belongs can be found in Section 2 of the report.

## Summary of Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Appendix B within Section 2 of this report.

Coverage Group	
Benefit Provision	70001
Benefit Formula	2.0% @ 55
Social Security Coverage	no
Full/Modified	full
Final Average Compensation Period	36 mos.
Sick Leave Credit	yes
Non-Industrial Disability	standard
Industrial Disability	no
Pre-Retirement Death Benefits	yes
Optional Settlement 2W	level 3
1959 Survivor Benefit Level	no
Special	no
Alternate (firefighters)	no
Post-Retirement Death Benefits	no
Lump Sum	\$500
Survivor Allowance (PRSA)	no
COLA	2%
Employee Contributions	no
Contractual employer paid	no
Contractual Employee Cost sharing	0%

\*Inactive Coverage Group

## Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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**Miscellaneous 2% at 55 Risk Pool  
as of June 30, 2008**

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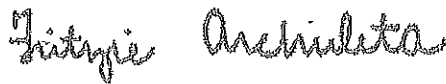


## ACTUARIAL CERTIFICATION

### Actuarial Certification

To the best of our knowledge, Section 2 of this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous 2% at 55 Risk Pool. This valuation is based on the member and financial data as of June 30, 2008 provided by the various CalPERS databases and the benefits under this Risk Pool with CalPERS as of the date this report was produced. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this risk pool, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

The undersigned are actuaries for CalPERS. Both are members of the American Academy of Actuaries and Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Fritzle Archuleta, ASA, MAAA  
Associate Pension Actuary, CalPERS  
Pool Actuary



May Shuang Yu, ASA, MAAA  
Senior Pension Actuary, CalPERS  
Pool Actuary

## **HIGHLIGHTS AND EXECUTIVE SUMMARY**

- **PURPOSE OF SECTION 2**
- **RISK POOL'S REQUIRED EMPLOYER CONTRIBUTION**
- **RISK POOL'S REQUIRED BASE EMPLOYER RATE**
- **FUNDED STATUS OF THE RISK POOL**
- **COST AND VOLATILITY**
- **CHANGES SINCE THE PRIOR VALUATION**
- **SUBSEQUENT EVENTS**

## HIGHLIGHTS AND EXECUTIVE SUMMARY

### Purpose of Section 2

This Actuarial Valuation for the Miscellaneous 2% at 55 Risk Pool of the California Public Employees' Retirement System (CalPERS) was performed by CalPERS' staff actuaries using data as of June 30, 2008 in order to:

- set forth the actuarial assets and accrued liabilities of this risk pool as of June 30, 2008
- establish the actuarially required contribution rate of the pool for the period July 1, 2010 through June 30, 2011
- provide actuarial information as of June 30, 2008 to the CalPERS Board and other interested parties

Use of this report for other purposes may be inappropriate.

### Risk Pool's Required Employer Contribution

(figures net of employee contributions)

	Fiscal Year 2009/2010	Fiscal Year 2010/2011
<b>Contribution in Projected Dollars</b>		
1. Pool's Gross Employer Normal Cost	\$ 61,181,996	\$ 63,645,187
2. Payment on Pool's Amortization Base	3,434,875	5,573,813
3. Payment on Employer Side Funds	<u>16,477,179</u>	<u>16,251,740</u>
4. Total Required Employer Contribution*	\$ 81,092,517	\$ 85,466,610

\* Total may not add up due to rounding

<b>Contribution as a % of Projected Pay</b>		
5. Pool's Gross Employer Normal Cost	8.352%	8.397%
6. Payment on Pool's Amortization Base	0.469%	0.735%
7. Payment on Employer Side Funds	<u>2.249%</u>	<u>2.144%</u>
8. Total Required Employer Contribution	11.070%	11.276%

These rates are the total required employer contributions by the pool for fiscal years 2009/2010 and 2010/2011. The Pool's Gross Employer Normal Cost includes the Class 1 surcharges for all employers that actually contract for the Class 1 type benefits. The payment on the pool's amortization base is the payment on the ongoing cumulative gains and losses experienced by the pool since its June 30, 2003 inception. The payment on employer side funds is the combination of all expected individual amortization payments on every side fund in the pool.

### Risk Pool's Required Base Employer Rate

	Fiscal Year 2009/2010	Fiscal Year 2010/2011
1. Pool's Gross Employer Normal Cost	8.352%	8.397%
Less: Surcharges for Class 1 Benefits	<u>0.632%</u>	<u>0.657%</u>
2. Pool's Net Employer Normal Cost	7.720%	7.740%
3. Payment on Pool's Amortization Base	<u>0.469%</u>	<u>0.735%</u>
4. Pool's Base Employer Rate	8.189%	8.475%

The base employer contribution rate is the rate that each plan within the pool starts with and pays before any adjustments are made. It represents the pool funding for basic benefits (no Class 1 surcharges) for the fiscal year shown. To arrive at a plan's total contribution rate, several components must be added to this base rate.

## HIGHLIGHTS AND EXECUTIVE SUMMARY

These components are Class 1 benefit surcharges, normal cost phase-out and any side-fund payment. More information about those additional components can be found in Section 1 of this report.

### Funded Status of the Risk Pool

	June 30, 2007	June 30, 2008
1. Entry Age Normal Accrued Liability	\$ 2,611,746,790	\$ 2,780,280,768
2. Market Value of Assets Including Side Funds (MVA) Including Receivables	\$ 2,758,866,680	\$ 2,581,857,668
3. Funded Ratio (MVA) [(2) / (1)]	105.6%	92.9%

### Cost and Volatility

#### Actuarial Cost Estimates in General

What will this pension plan cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer:

First, all actuarial calculations, including those in this report, are based on a number of assumptions about the future.

- There are demographic assumptions about the percentage of employees that will terminate, die, become disabled, and retire in each future year.
- There are economic assumptions about future salary increases for each active employee, and the assumption with the greatest impact, future asset returns at CalPERS for each year into the future until the last dollar is paid to current members of your plan.

While CalPERS has set these assumptions as our best estimate of the real future of your plan, it must be understood that these assumptions are very long term predictors and will surely not be realized in each year as we go forward. For example, while the asset earnings at CalPERS have averaged the assumed return of 7.75% for the past twenty year period ending June 30, 2009 returns for each fiscal year ranged from -24% to +20.1%

Second, the very nature of actuarial funding produces the answer to the question of plan or pool cost as the sum of two separate pieces:

- The Normal Cost (i.e., the future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll, and
- The Past Service Cost (i.e., Accrued Liability - representing the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount.

The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the total cost is the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the total cost is expressed as the employer's rate part of which is permanent and part temporary). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period. So, the plan or pool rate can be computed in many different ways depending on how long one will take to pay for it. And as the first point above states; all of these results depend on all assumptions being exactly realized.

#### Rate Volatility

As is stated above, the actuarial calculations supplied in this communication are based on a number of assumptions about very long term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year to year basis. The year to year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise the plan or pool's rates from year to year. Therefore, the rates will inevitably fluctuate, especially due to the ups and downs of investment returns. Plans or pools that have higher asset to payroll ratio produce more volatile employer rates.

## HIGHLIGHTS AND EXECUTIVE SUMMARY

In the table below we have shown the pool's volatility index, based on the retirement formula, a measure of the pool's potential future rate volatility. It should be noted that this ratio increases over time but generally tends to stabilize as the plan or pool matures.

Beginning with the June 30, 2004 actuarial valuation, rate stabilization methodologies were implemented. Although there is no method that can provide perfectly stable rates, the new methods have been shown to be very effective in mitigating rate volatility. It continues to be true that a plan that has a volatility index that is three times the index of a second plan will have three times the volatility in rates as compared to the second plan. However, the amount of change has been dramatically reduced through the rate stabilization process. In most situations, the new rate stabilization policies will reduce rate volatility due to actual gains and losses by about 50%.

	As of June 30, 2008
Market Value of Assets without Receivables	\$ 2,577,193,292
Payroll	688,606,681
Volatility Index	3.7

## Changes since the Prior Valuation

### Actuarial Assumptions

There were no changes in actuarial assumptions since the prior year's actuarial valuation with the possible exception of changes due to reflect a change in benefits.

### Actuarial Methods

There were no material changes in actuarial methods since the prior year's actuarial valuation.

### Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation whose valuation date follows the effective date of the legislation. Voluntary benefit changes by employers within the risk pool are generally included in the first valuation whose report is dated after the amendment becomes effective. These voluntary changes are included in the liabilities reported in this valuation.

The valuation generally reflects plan changes by amendments effective prior to August 1, 2009. Please refer to Appendix B for a summary of the plan provisions used in this valuation report. The provisions in Appendix B do not indicate the class of benefits voluntarily contracted for by individual employers within the risk pool. Refer to Section 1 of the valuation report for a list of your specific contracted benefits. The increase in the pool's unfunded liabilities due to Class 1 or 2 amendments by individual employers within the pool is embedded in the Liability (Gain) / Loss shown in the Gain / Loss section of this report. This amount, however, is offset by additional contributions through a surcharge for employers who voluntarily contract for those benefits.

## Subsequent Events

The current financial market volatility has impacted the CalPERS trust fund and will continue to impact future employer rates. In response to this, the CalPERS Board has adopted a new smoothing policy which will be implemented in the June 30, 2009 valuation.

CalPERS will implement a 3-year phase-in of the 2008-2009 investment loss under the idea that 3 years will be a sufficient length of time for the economy to recover. This phased-in approach will be achieved by temporarily relaxing the constraints on the smoothed value of assets around the actual market value. This corridor which constrains the smoothed value of assets will be allowed to expand and then contract with the following conditions:

CalPERS Actuarial Valuation -- June 30, 2008  
Miscellaneous 2% at 55 Risk Pool

## HIGHLIGHTS AND EXECUTIVE SUMMARY

- Increase the corridor limits for the actuarial value of assets from 80%-120% of market value to 60%-140% of market value on June 30, 2009 which impacts the 2011 – 2012 contribution rate
- Reduce the corridor limits for the actuarial value of assets to 70%-130% of market value on June 30, 2010 which impacts the 2012 – 2013 contribution rate
- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter which impacts the 2013 – 2014 and fiscal years beyond contribution rates

We will isolate the asset loss outside of the 80% – 120% corridor and pay for it with a disciplined fixed and certain 30 year amortization schedule. It is prudent for 2008-2009 Fiscal Year investment losses to be subject to a more stringent funding schedule and that they should be paid for in full at the end of the 30 years. In this way we will not rely on future investment returns to pay for 2008-2009 investment losses.

This methodology has the dual benefit of providing short-term relief to local government employers and strengthening the long-term financial health of the pension fund.

## **SUMMARY OF LIABILITIES AND RATES**

- DEVELOPMENT OF ACCRUED AND UNFUNDED LIABILITIES
- (GAIN)/LOSS ANALYSIS 06/30/07 - 06/30/08
- SCHEDULE OF AMORTIZATION BASES FOR THE RISK POOL
- DEVELOPMENT OF RISK POOL'S ANNUAL REQUIRED BASE CONTRIBUTION
- POOL'S EMPLOYER CONTRIBUTION RATE HISTORY
- FUNDING HISTORY

# SUMMARY OF LIABILITY AND RATES

## Development of Accrued and Unfunded Liabilities

	June 30, 2007	June 30, 2008
1. Present Value of Projected Benefits		
a) Active Members	\$ 2,055,623,278	\$ 2,137,796,342
b) Transferred Members	281,192,053	302,912,223
c) Separated Members	119,350,117	134,389,504
d) Members and Beneficiaries Receiving Payments	<u>1,001,386,031</u>	<u>1,075,871,297</u>
e) Total	\$ 3,457,551,479	\$ 3,650,969,366
2. Present Value of Future Employer Normal Costs	\$ 448,650,338	\$ 462,367,099
3. Present Value of Future Employee Contributions	\$ 397,154,351	\$ 408,301,499
4. Entry Age Normal Accrued Liability		
a) Active Members [(1a) - (2) - (3)]	\$ 1,209,818,589	\$ 1,267,107,744
b) Transferred Members (1b)	281,192,053	302,912,223
c) Separated Members (1c)	119,350,117	134,389,504
d) Members and Beneficiaries Receiving Payments (1d)	<u>1,001,386,031</u>	<u>1,075,871,297</u>
e) Total	\$ 2,611,746,790	\$ 2,780,280,768
5. Actuarial Value of Assets (AVA) Including Receivables	\$ 2,391,434,447	\$ 2,547,323,278
6. Unfunded Accrued Liability [(4e) - (5)]	220,312,343	232,957,490
7. Side Funds (AVA)	\$ (166,484,889)	\$ (146,781,129)
8. Actuarial Value of Assets excluding Side Funds [(5) - (7)] Including Receivables	2,557,919,336	2,694,104,407
9. Unfunded Liability excluding Side Funds [(4e) - (8)]	53,827,454	86,176,361
10. Market Value of Assets (MVA) Including Receivables	\$ 2,756,866,680	\$ 2,581,857,668
11. Funded Ratio (MVA) [(10) / (4e)]	105.6%	92.9%



## SUMMARY OF LIABILITY AND RATES

### (Gain)/Loss Analysis 06/30/07 - 06/30/08

We introduced the concepts of Actuarial Gains and Losses in the Cost and Volatility Section of this report. To reiterate, when we calculate the cost requirements of your plan, we use assumptions about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is contrasted against the expected experience based on the actuarial assumptions. The differences are reflected below as your pool's actuarial gains or losses.

<b>1. Total (Gain)/Loss</b>	
a) Unfunded Liability/(Surplus) as of June 30, 2007	\$ 53,827,454
b) Expected payment on the unfunded liability	2,458,071
c) Interest accumulation $[(.0775 \times (1a)) - ((1.0775)^{.5} - 1) \times (1b)]$	4,078,155
d) Expected Unfunded Liability before other changes $[(1a) - (1b) + (1c)]$	55,447,538
e) Change due to change in actuarial methods	0
f) Expected Unfunded Liability after changes $[(1d) + (1e)]$	55,447,538
g) Actual Unfunded Liability/(Surplus) as of June 30, 2008	<u>86,176,361</u>
h) Total (Gain)/Loss $[(1g) - (1f)]$	\$ 30,728,823
<b>2. Contribution (Gain)/Loss</b>	
a) Expected contribution	\$ 133,390,116
b) Expected interest on contributions	5,072,423
c) Total expected contributions with interest $[(2a) + (2b)]$	138,462,539
d) Actual contributions	141,192,063
e) Expected interest on actual contributions	5,369,107
f) Total actual contributions with interest $[(2d) + (2e)]$	<u>146,561,170</u>
g) Contribution (Gain)/Loss $[(2c) - (2f)]$	\$ (8,098,631)
<b>3. Asset (Gain)/Loss</b>	
a) Actuarial Value of Assets as of 06/30/07 Including Receivables	\$ 2,391,434,447
b) Receivables as of 06/30/07	<u>5,325,134</u>
c) Actuarial Value of Assets as of 06/30/07	2,386,109,313
d) Contributions received	141,192,063
e) Benefits, refunds and lump sums paid	(98,025,467)
f) Transfers and miscellaneous adjustments	(795,604)
g) Expected interest	186,534,713
h) Transfers into the pool (AVA Basis)	489,623
i) Transfers out of the pool (AVA Basis)	<u>(75,378,549)</u>
j) Expected Assets as of 06/30/08 $[(3c) \text{ through } (3i)]$	2,540,126,091
k) Receivables as of 06/30/08	<u>4,664,376</u>
l) Expected Assets Including Receivables	2,544,790,468
m) Actual Actuarial Value of Assets as of 06/30/08 Including Receivables	<u>2,547,323,278</u>
n) Asset (Gain)/Loss $[(3l) - (3m)]$	\$ (2,532,810)
<b>4. Liability (Gain)/Loss</b>	
a) Total (Gain)/Loss (1h)	\$ 30,728,823
b) Contribution (Gain)/Loss (2.g)	(8,098,631)
c) Asset (Gain)/Loss excluding side fund (3n)	<u>(2,532,810)</u>
d) Liability (Gain)/Loss $[(4a) - (4b) - (4c)]^*$	\$ 41,360,264

\* Includes (Gain)/Loss on plans transferring into the pool.

# SUMMARY OF LIABILITY AND RATES

## Schedule of Amortization Bases for the Risk Pool

The schedule below shows the development of the payment on the Pool's amortization bases used to determine the Total Required Employer Contributions. Each row of the schedule gives a brief description of a base (or portion of the Unfunded Actuarial Liability), the balance of the base on the valuation date, and the number of years remaining in the amortization period. In addition, we show the expected payments for the two years immediately following the valuation date, the balances on the dates a year and two years after the valuation date, and the scheduled payment for fiscal year 2010-2011. Please refer to Appendix A for an explanation of how amortization periods are determined.

Reason for Base	Amortization Period	Balance on June 30, 2008	Expected Payment 08-09	Balance June 30, 2009	Expected Payment 09-10	Balance June 30, 2010	Scheduled Payment for 2010-2011	Payment as a percentage of payroll
(GAIN)/LOSS	30	\$56,320,884	\$1,529,466	\$59,097,910	\$1,560,581	\$62,058,072	\$3,726,648	0.492%
PAYMENT (GAIN)/LOSS	30	\$(691,250)	\$1,820,114	\$(2,634,149)	\$118,964	\$(2,961,785)	\$(177,857)	(0.023%)
FRESH START	26	\$30,546,927	\$1,899,545	\$30,942,525	\$1,961,281	\$31,304,719	\$2,025,022	0.267%
Total		\$86,176,361	\$5,249,125	\$87,406,296	\$3,840,826	\$90,401,006	\$5,573,813	0.735%

# SUMMARY OF LIABILITY AND RATES

## Development of Risk Pool's Annual Required Base Contribution

	Fiscal Year 2009/2010	Fiscal Year 2010/2011
<b>1. Contribution in Projected Dollars</b>		
a) Total Normal Cost	\$ 111,661,538	\$ 115,943,840
b) Employee Contribution	50,479,542	52,298,653
c) Pool's Gross Employer Normal Cost [(1a) - (1b)]	61,181,996	63,645,187
d) Total Surcharges for Class 1 Benefits	4,629,672	4,979,741
e) Net Employer Normal Cost [(1c) - (1d)]	56,552,324	58,665,446
f) Payment on Pool's Amortization Base	\$ 3,434,875	\$ 5,573,813
g) Total Required Employer Contributions [(1e) + (1f)]	59,987,199	64,239,259
<b>2. Annual Covered Payroll as of Valuation Date</b>	\$ 665,522,859	\$ 688,606,681
<b>3. Projected Payroll for Contribution Fiscal Year</b>	\$ 732,543,059	\$ 757,951,493
<b>4. Contribution as a % of Projected Pay</b>		
a) Total Normal Cost [(1a) / (3)]	15.243%	15.297%
b) Employee Contribution [(1b) / (3)]	6.891%	6.900%
c) Pool's Gross Employer Normal Cost [(1c) / (3)]	8.352%	8.397%
d) Total Surcharges for Class 1 Benefits [(1d) / (3)]	0.632%	0.657%
e) Net Employer Normal Cost [(1e) / (3)]	7.720%	7.740%
f) Payment on Pool's Amortization Base [(1f) / (3)]	0.469%	0.735%
g) Total Required Employer Contributions [(1g) / (3)]	8.189%	8.475%

# SUMMARY OF LIABILITY AND RATES

## Pool's Employer Contribution Rate History

Valuation Date	Net Employer Normal Cost	Total Surcharges for Class 1 Benefits	Gross Employer Normal Cost	Payment on Pool's Amortization Bases	Total Payment On Employer Side Funds	Total Employer Contribution
06/30/2004	7.646%	0.633%	8.279%	0.218%	2.839%	11.336%
06/30/2005	7.646%	0.646%	8.292%	0.245%	2.875%	11.412%
06/30/2006	7.679%	0.623%	8.302%	0.449%	2.639%	11.390%
06/30/2007	7.720%	0.632%	8.352%	0.469%	2.249%	11.070%
06/30/2008	7.740%	0.657%	8.397%	0.735%	2.144%	11.276%

## Funding History

Valuation Date	Accrued Liabilities (AL)	Market Value of Assets (MVA)	Funded Ratio (MVA/AL)
06/30/2004	\$2,746,095,668	\$2,420,946,068	88.2%
06/30/2005	\$2,891,460,651	\$2,663,352,304	92.1%
06/30/2006	\$2,754,396,608	\$2,636,941,527	95.7%
06/30/2007	\$2,611,746,790	\$2,756,866,680	105.6%
06/30/2008	\$2,780,280,768	\$2,581,857,668	92.9%

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL As a % of Payroll
06/30/2004	\$2,746,095,668	\$2,460,944,656	\$285,151,012	89.6%	\$743,691,970	38.3%
06/30/2005	\$2,891,460,651	\$2,588,713,000	\$302,747,651	89.5%	\$755,046,679	40.1%
06/30/2006	\$2,754,396,608	\$2,492,226,176	\$262,170,432	90.5%	\$699,897,835	37.5%
06/30/2007	\$2,611,746,790	\$2,391,434,447	\$220,312,343	91.6%	\$665,522,859	33.1%
06/30/2008	\$2,780,280,768	\$2,547,323,278	\$232,957,490	91.6%	\$688,606,681	33.8%

Information shown here is for compliance with GASB No. 27 for a cost-sharing multiple-employer defined benefit plan.

## **SUMMARY OF ASSETS**

- RECONCILIATION OF THE MARKET VALUE OF ASSETS
- DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS
- ASSET ALLOCATION

## SUMMARY OF ASSETS

### Reconciliation of the Market Value of Assets

1. Market Value of Assets as of June 30, 2007 Including Receivables	\$ 2,756,866,680
2. Receivables for Service Buybacks as of June 30, 2007	5,325,134
3. Market Value of Assets as of June 30, 2007	2,751,541,546
4. Employer Contributions	85,275,613
5. Employee Contributions	55,916,450
6. Benefit Payments to Retirees and Beneficiaries	(92,824,585)
7. Refunds	(4,812,348)
8. Lump Sum Payments	(388,534)
9. Transfers and Miscellaneous Adjustments	(795,604)
10. Investment Return	(140,813,179)
11. Market Value of Assets as of June 30, 2008 (w/o Pool Transfers)	\$ 2,653,099,359
12. Transfers into and out of the Risk Pool	(75,906,067)
13. Market Value of Assets as of June 30, 2008	\$ 2,577,193,292
14. Receivables for Service Buybacks as of June 30, 2008	4,664,376
15. Market Value of Assets as of June 30, 2008 Including Receivables	2,581,857,668

### Development of the Actuarial Value of Assets

1. Actuarial Value of Assets as of June 30, 2007 Used for Rate Setting Purposes	2,391,434,447
2. Receivables for Service Buyback as of June 30, 2007	5,325,134
3. Actuarial Value of Assets as of June 30, 2007	2,386,109,313
4. Employer Contributions	85,275,613
5. Employee Contributions	55,916,450
6. Benefit Payments to Retirees and Beneficiaries	(92,824,585)
7. Refunds	(4,812,348)
8. Lump Sum Payments	(388,534)
9. Transfers and Miscellaneous Adjustments	(795,604)
10. Expected Investment Income at 7.75%	186,534,713
11. Expected Actuarial Value of Assets (w/o Pool Transfers)	\$ 2,615,015,017
12. Market Value of Assets June 30, 2008 (w/o Pool Transfers)	2,653,099,359
13. Preliminary Actuarial Value of Assets (w/o Pool Transfers) $[(11) + ((12) - (11)) / 15]$	2,617,553,973
14. Preliminary Actuarial Value to Market Value Ratio	98.66%
15. Final Actuarial Value to Market Value Ratio (minimum 80%, maximum 120%)	98.66%
16. Market Value of Assets June 30, 2008	2,577,193,292
17. Actuarial Value of Assets as of June 30, 2008	2,542,658,902
18. Receivables for Service Buybacks as of June 30, 2008	4,664,376
19. Actuarial Value of Assets as of June 30, 2008 Used for Rate Setting Purposes	2,547,323,278

## SUMMARY OF ASSETS

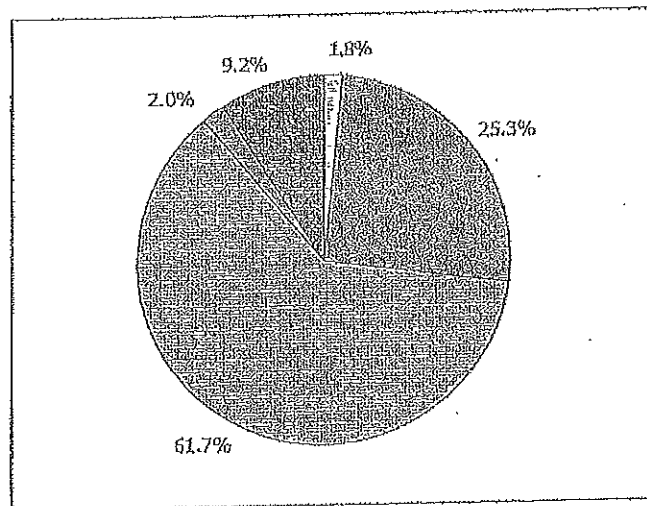
### Asset Allocation

The starting point and most important element of CalPERS' successful return on investment is the asset allocation or diversification among stocks, bonds, cash and other investments. Asset allocation is not an asset-only or liability-only decision. All factors, including liabilities, benefit payments, operating expenses, and employer and member contributions are taken into account in determining the appropriate asset allocation mix. The goal is to maximize returns at a prudent level of risk which presents an ever-changing balancing act between market volatility and long-term goals.

CalPERS follows a strategic asset allocation policy that identifies the percentage of funds to be invested in each asset class.

The asset allocation and market value of assets shown below reflect the values of the Public Employees Retirement Fund (PERF) in its entirety as of June 30, 2008. The assets for Miscellaneous 2% at 55 Risk Pool are part of the Public Employees Retirement Fund (PERF) and are invested accordingly.

(A) Asset Class	(B) Market Value (\$ Billion)	(C) Current Allocation	(D) Target
1) Total Cash Equivalents	4.3	1.8%	0.0%
2) Total Global Fixed Income	59.9	25.3%	19.0%
3) Total Equities	146.4	61.7%	66.0%
4) Inflation Linked (ILAC)	4.7	2.0%	5.0%
5) Total Real Estate	21.8	9.2%	10.0%
Total Fund	237.1	100.0%	100.0%



## **SUMMARY OF PARTICIPANT DATA**

- **SOURCE OF THE PARTICIPANT DATA**
- **DATA VALIDATION TESTS AND ADJUSTMENTS**
- **SUMMARY OF VALUATION DATA**
- **ACTIVE MEMBERS**
- **TRANSFERRED AND TERMINATED MEMBERS**
- **RETIRED MEMBERS AND BENEFICIARIES**



## SUMMARY OF PARTICIPANT DATA

### Source of the Participant Data

The data was extracted from various databases within CalPERS and placed in a database by a series of extract programs. Included in this data are:

- Individual member and beneficiary information,
- employment and payroll information,
- accumulated contributions with interest,
- service information,
- benefit payment information,
- information about the various organizations which contract with CalPERS, and
- detailed information about the plan provisions applicable to each group of members.

### Data Validation Tests and Adjustments

Once the information is extracted from the various computer systems into the database, update queries are then run against this data to correct for flaws found in the data. This part of the process is intended to validate the participant data for all CalPERS plans. The data is then checked for reasonableness and consistency with data from the prior valuation.

Checks on the data include:

- a reconciliation of the membership of the plans,
- comparisons of various member statistics (average attained age, average entry age, average salary, etc.) for each plan with those from the prior valuation,
- comparisons of pension amounts for each retiree and beneficiary receiving payments with those from the prior valuation,
- checks for invalid ages and dates, and
- reasonableness checks on various key data elements such as service and salary.

As a result of the tests on the data, a number of adjustments were determined to be necessary. These included:

- dates of hire and dates of entry were adjusted where necessary to be consistent with the service fields, the date of birth and each other.

# SUMMARY OF PARTICIPANT DATA

## Summary of Valuation Data

	June 30, 2007	June 30, 2008
1. Number of Plans in the Risk Pool	437	428
2. Active Members		
a) Counts	12,074	11,827
b) Average Attained Age	44.54	44.74
c) Average Entry Age to Rate Plan	36.72	36.78
d) Average Years of Service	7.82	7.96
e) Average Annual Covered Pay	\$ 55,120	\$ 58,223
f) Annual Covered Payroll	665,522,859	688,606,681
g) Projected Annual Payroll for Contribution Year	732,543,059	757,951,493
h) Present Value of Future Payroll	5,752,208,179	5,908,077,855
3. Transferred Members		
a) Counts	5,072	5,140
b) Average Attained Age	46.47	46.64
c) Average Years of Service	3.90	3.92
d) Average Annual Covered Pay	\$ 74,657	\$ 78,287
4. Terminated Members		
a) Counts	5,614	6,124
b) Average Attained Age	44.22	44.05
c) Average Years of Service	2.97	2.96
d) Average Annual Covered Pay	\$ 38,180	\$ 39,619
5. Retired Members and Beneficiaries		
a) Counts*	7,489	7,663
b) Average Attained Age	68.46	68.43
c) Average Annual Benefits*	\$ 11,682	\$ 12,278
6. Active to Retired Ratio [(2a) / (5a)]	1.61	1.54

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

\* Values may not match those on pages 27 and 28 due to inclusion of community property settlements.

# SUMMARY OF PARTICIPANT DATA

## Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

**Distribution of Active Members by Age and Service  
Years of Service at Valuation Date**

Attained Age	0-4	5-9	10-14	15-19	20-25	25+	Total
15-24	515	6	0	0	0	0	521
25-29	975	147	4	0	0	0	1,126
30-34	777	338	62	2	0	0	1,179
35-39	706	346	158	49	3	0	1,262
40-44	744	408	213	130	56	6	1,557
45-49	693	436	249	226	140	61	1,805
50-54	654	451	254	224	166	183	1,932
55-59	416	332	188	183	134	164	1,447
60-64	204	176	114	101	64	76	735
65 and over	79	80	39	27	16	22	263
All Ages	5793	2720	1281	942	579	512	11,827

**Distribution of Average Annual Salaries by Age and Service  
Years of Service at Valuation Date**

Attained Age	0-4	5-9	10-14	15-19	20-25	25+	Average
15-24	\$33,163	\$42,069	\$0	\$0	\$0	\$0	\$33,266
25-29	42,986	50,553	54,812	0	0	0	44,016
30-34	48,859	54,236	58,174	62,540	0	0	50,913
35-39	51,193	60,094	62,013	67,370	72,432	0	55,666
40-44	56,072	62,240	64,254	71,271	64,229	61,771	60,392
45-49	56,103	65,206	67,562	69,898	72,783	68,294	63,316
50-54	61,030	60,396	68,826	70,759	72,264	70,546	64,902
55-59	60,574	64,656	70,130	71,518	74,249	76,936	67,257
60-64	59,593	63,191	68,275	62,510	66,948	68,686	63,783
65 and over	49,566	47,858	59,352	42,579	49,378	69,577	51,443
Average	51,216	60,399	66,274	68,885	70,853	71,904	58,223

# SUMMARY OF PARTICIPANT DATA

## Transferred and Terminated Members

Distribution of Transfers to Other CalPERS Plans by Age and Service  
Years of Service at Valuation Date

Attained Age	0-4	5-9	10-14	15-19	20-25	25+	Total	Average Salary
15-24	52	0	0	0	0	0	52	\$44,802
25-29	261	12	1	0	0	0	274	55,268
30-34	381	62	0	0	0	0	443	63,867
35-39	489	74	18	3	0	0	584	70,070
40-44	545	153	41	19	0	0	758	76,554
45-49	637	168	68	27	6	2	908	80,590
50-54	643	215	80	28	10	3	979	82,922
55-59	483	169	73	15	5	5	750	91,650
60-64	215	71	24	7	2	1	320	88,674
65 and over	49	16	3	2	1	1	72	86,300
All Ages	3755	940	308	101	24	12	5,140	78,287

Distribution of Terminated Participants with Funds on Deposit by Age and Service  
Years of Service at Valuation Date

Attained Age	0-4	5-9	10-14	15-19	20-25	25+	Total	Average Salary
15-24	163	0	0	0	0	0	163	\$27,371
25-29	554	17	0	0	0	0	571	32,482
30-34	684	60	2	0	0	0	746	36,262
35-39	729	108	13	3	0	0	853	39,116
40-44	684	146	38	8	3	0	879	41,431
45-49	673	182	65	32	5	1	958	44,298
50-54	634	161	59	30	8	6	898	45,438
55-59	415	110	30	11	3	4	573	38,478
60-64	266	56	17	5	2	1	347	36,909
65 and over	118	13	5	0	0	0	136	34,479
All Ages	4920	853	229	89	21	12	6,124	39,619

# SUMMARY OF PARTICIPANT DATA

## Retired Members and Beneficiaries

Distribution of Retirees and Beneficiaries by Age and Retirement Type\*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 30	0	0	0	0	0	10	10
30-34	0	1	1	0	0	1	3
35-39	0	5	3	0	0	4	12
40-44	0	17	13	0	0	7	37
45-49	0	47	14	1	0	11	73
50-54	229	65	24	3	1	18	340
55-59	911	102	28	8	1	49	1,099
60-64	1419	86	14	5	0	57	1,581
65-69	1239	71	13	8	0	99	1,430
70-74	889	41	4	2	0	116	1,052
75-79	701	36	3	2	0	135	877
80-84	466	25	2	8	0	105	606
85 and Over	384	10	1	1	0	143	539
All Ages	6238	506	120	38	2	755	7,659

Distribution of Average Annual Amounts for Retirees and Beneficiaries by Age and Retirement Type\*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 30	\$0	\$0	\$0	\$0	\$0	\$7,769	\$7,769
30-34	0	6,349	29	0	0	6,169	4,182
35-39	0	5,389	101	0	0	9,841	5,551
40-44	0	6,010	4,641	0	0	2,078	4,785
45-49	0	10,294	508	8,897	0	7,182	7,929
50-54	8,580	10,487	2,397	8,536	1,547	6,850	8,395
55-59	13,657	8,795	2,167	9,674	108	12,653	12,827
60-64	14,891	10,535	2,869	9,257	0	9,699	14,342
65-69	14,250	7,870	6,594	5,398	0	11,031	13,591
70-74	13,903	9,515	3,018	9,694	0	13,158	13,601
75-79	11,927	8,090	619	4,148	0	9,490	11,338
80-84	9,032	9,596	12,486	4,768	0	8,858	8,981
85 and Over	8,910	6,111	1,359	6,395	0	6,384	8,169
All Ages	13,072	9,180	2,934	7,200	828	9,610	12,282

# SUMMARY OF PARTICIPANT DATA

## Retired Members and Beneficiaries (continued)

Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type\*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 5 Yrs	2462	90	42	12	0	314	2,920
5-9	1492	152	20	8	0	182	1,854
10-14	953	119	21	8	1	128	1,230
15-19	594	58	15	2	0	21	690
20-24	429	42	12	4	0	40	527
25-29	223	26	9	3	1	38	300
30 and Over	85	19	1	1	0	32	138
All Years	6238	506	120	38	2	755	7,659

Distribution of Average Annual Amounts for Retirees and Beneficiaries by Years Retired and Retirement Type\*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 5 Yrs	\$15,477	\$10,520	\$2,808	\$8,376	\$0	\$9,584	\$14,480
5-9	13,966	9,941	3,035	10,676	0	11,061	13,219
10-14	11,549	9,288	4,704	3,876	1,547	11,223	11,122
15-19	10,273	8,046	417	7,118	0	9,656	9,844
20-24	8,299	6,515	2,452	5,817	0	6,901	7,899
25-29	6,347	8,275	4,311	2,208	108	4,044	6,099
30 and Over	6,071	6,654	216	12,522	0	5,118	5,936
All Years	13,072	9,180	2,934	7,200	828	9,610	12,282

\* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on page 24 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

## APPENDIX A

- STATEMENT OF ACTUARIAL DATA, METHODS AND ASSUMPTIONS

## Data

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for usually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and when they do occur, they generally do not have a material impact on the employer contribution rates.

## Actuarial Methods

### Funding Method

The actuarial funding method used for the Retirement Program is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. In addition, all gains or losses are tracked and amortized over a rolling 30 year period. Finally, if a pool's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

An exception to the funding rules above is used whenever the application of such rules results in inconsistencies. In these cases a "fresh start" approach is used. This simply means that the current unfunded actuarial liability is projected and amortized over a set number of years. For instance, if the annual contribution on the total unfunded liability was less than the amount produced by a 30-year amortization of the unfunded liability, the plan actuary would implement a 30-year fresh start. In addition, a fresh start is needed in the following situations:

- 1) when a positive payment would be required on a negative unfunded actuarial liability (or conversely a negative payment on a positive unfunded actuarial liability); or
- 2) when there are excess assets, rather than an unfunded liability. In this situation a 30-year fresh start is used, unless a larger fresh start is needed to avoid a negative total rate.

It should be noted that the actuary may choose to use a fresh start under other circumstances. In all cases, the period of the fresh start is chosen by the actuary according to his or her best judgement, and will not be less than five years nor greater than 30 years.



## APPENDIX A

### Asset Valuation Method

In order to dampen the effect of short term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However in no case will the Actuarial Value of Assets be less than 80% nor greater than 120% of the actual Market Value of Assets.

### Accounts Receivable

In preparing valuations on and after June 30, 2007, and setting employer contribution rates, the asset figures used include accounts receivable. The CalPERS Actuarial Office assumes that all assets are accruing interest at the actuarially-assumed rate. Therefore, the rates depicted assume that all payments have been made and are accruing interest.

This change generally had minimal impact on the employer rates and no special amortization base has been created.

## Miscellaneous

### Superfunded Status

If a rate plan is superfunded (actuarial value of assets exceeds the present value of benefits), as of the most recently completed annual valuation, the employer may cover their employees' member contributions (both taxed and tax-deferred) using their employer assets during the fiscal year for which this valuation applies. This would entail transferring assets within the Public Employees' Retirement Fund (PERF) from the employer account to the member accumulated contribution accounts. This change was implemented effective January 1, 1999 pursuant to Chapter 231 (Assembly Bill 2099) which added Government Code Section 20816.

Superfunded status applies only to individual plans, not risk pools. For rate plans within a risk pool, actuarial value of assets is the sum of the rate plan's side fund plus the rate plan's pro-rata share of non-side fund assets. Superfunded status is determined only on annual valuation dates.

### Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 were not taken into account in this valuation. The effect of these limitations has been deemed immaterial on the overall results of this valuation.

### Internal Revenue Code Section 401(a)(17)

The limitations on compensation imposed by Internal Revenue Code Section 401(a)(17) were taken into account in this valuation. It was determined that this change generally had minimal impact on the employer rates and no special amortization base has been created.

## ACTUARIAL ASSUMPTIONS

### Economic Assumptions

#### **Investment Return**

7.75% compounded annually (net of expenses). This assumption is used for all plans.

#### **Salary Growth**

Annual increases vary by category, entry age, and duration of service. The assumed increases are shown below.

#### Public Agency Miscellaneous

<u>Duration of Service</u>	<u>Entry Age 20</u>	<u>Entry Age 30</u>	<u>Entry Age 40</u>
0	0.1445	0.1265	0.1005
1	0.1215	0.1075	0.0875
2	0.1035	0.0935	0.0775
3	0.0905	0.0825	0.0695
4	0.0805	0.0735	0.0635
5	0.0725	0.0675	0.0585
10	0.0505	0.0485	0.0435
15	0.0455	0.0435	0.0385
20	0.0415	0.0395	0.0355
25	0.0365	0.0365	0.0345
30	0.0325	0.0325	0.0325

#### Public Agency Fire

<u>Duration of Service</u>	<u>Entry Age 20</u>	<u>Entry Age 30</u>	<u>Entry Age 40</u>
0	0.1075	0.1075	0.1045
1	0.0975	0.0965	0.0875
2	0.0895	0.0855	0.0725
3	0.0825	0.0775	0.0625
4	0.0765	0.0705	0.0535
5	0.0715	0.0645	0.0475
10	0.0535	0.0485	0.0375
15	0.0435	0.0415	0.0365
20	0.0395	0.0385	0.0345
25	0.0355	0.0355	0.0335
30	0.0325	0.0325	0.0325

#### Public Agency Police

<u>Duration of Service</u>	<u>Entry Age 20</u>	<u>Entry Age 30</u>	<u>Entry Age 40</u>
0	0.1115	0.1115	0.1115
1	0.0955	0.0955	0.0955
2	0.0835	0.0835	0.0805
3	0.0745	0.0725	0.0665
4	0.0675	0.0635	0.0575
5	0.0615	0.0575	0.0505
10	0.0475	0.0445	0.0365
15	0.0435	0.0415	0.0355
20	0.0395	0.0385	0.0345
25	0.0365	0.0355	0.0335
30	0.0325	0.0325	0.0325

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### Public Agency County Peace Officers

Duration of Service	Entry Age 20	Entry Age 30	Entry Age 40
0	0.1315	0.1315	0.1315
1	0.1115	0.1085	0.1055
2	0.0965	0.0915	0.0865
3	0.0845	0.0795	0.0735
4	0.0755	0.0695	0.0635
5	0.0685	0.0625	0.0555
10	0.0485	0.0445	0.0405
15	0.0435	0.0405	0.0385
20	0.0395	0.0385	0.0365
25	0.0365	0.0355	0.0345
30	0.0325	0.0325	0.0325

### Schools

Duration of Service	Entry Age 20	Entry Age 30	Entry Age 40
0	0.1105	0.0985	0.0845
3	0.0775	0.0725	0.0645
5	0.0655	0.0625	0.0555
10	0.0475	0.0465	0.0435
15	0.0415	0.0405	0.0375
20	0.0385	0.0375	0.0345
25	0.0355	0.0355	0.0335
30	0.0325	0.0325	0.0325

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

#### Overall Payroll Growth

3.25% compounded annually (used in projecting the payroll over which the unfunded liability is amortized).  
This assumption is used for all plans.

#### Inflation

3.00% compounded annually. This assumption is used for all plans.

#### Non-valued Potential Additional Liabilities

The potential liability loss for a cost-of-living increase exceeding the 3% inflation assumption, and any potential liability loss from future member service purchases are not reflected in the valuation.

### Miscellaneous Loading Factors

#### Credit for Unused Sick Leave

Final Average Salary is increased by 1% for those agencies that have accepted the provision providing Credit for Unused Sick Leave.

#### Conversion of Employer Paid Member Contributions (EPMC)

Final Average Salary is increased by the Employee Contribution Rate for those agencies that have contracted for the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

## APPENDIX A

### Norris Decision (Best Factors)

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of "Best Factors" for these employees in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

## APPENDIX A

### Demographic Assumptions

#### Pre-Retirement Mortality

Non-Industrial Death Rates vary by age and gender. Industrial Death rates vary by age. See sample rates in table below. The non-Industrial death rates are used for all plans. The Industrial death rates are used for Safety Plans (except for Local Prosecutor safety members where the corresponding Miscellaneous Plan does not have the Industrial Death Benefit).

Age	Non-Industrial Death (Not Job-Related)		Industrial Death (Job-Related)
	Male	Female	Male and Female
20	0.00019	0.00009	0.00003
25	0.00027	0.00014	0.00007
30	0.00038	0.00021	0.00010
35	0.00054	0.00031	0.00013
40	0.00077	0.00046	0.00017
45	0.00110	0.00068	0.00020
50	0.00156	0.00102	0.00023
55	0.00221	0.00151	0.00027
60	0.00314	0.00226	0.00030

Miscellaneous Plans usually have Industrial Death rates set to zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99% will become the Non-Industrial Death rate and 1% will become the Industrial Death rate.

#### Post-Retirement Mortality

Rates vary by age, type of retirement and gender. See sample rates in table below. These rates are used for all plans.

Age	Healthy Recipients		Non-Industrially Disabled (Not Job-Related)		Industrially Disabled (Job-Related)	
	Male	Female	Male	Female	Male	Female
50	0.00245	0.00136	0.01459	0.01129	0.00546	0.00388
55	0.00429	0.00253	0.02115	0.01481	0.00616	0.00568
60	0.00721	0.00442	0.02870	0.01884	0.01016	0.00818
65	0.01302	0.00795	0.03617	0.02356	0.01853	0.01214
70	0.02135	0.01276	0.04673	0.03020	0.03369	0.01760
75	0.03716	0.02156	0.06552	0.04298	0.05768	0.02774
80	0.06256	0.03883	0.09481	0.06534	0.08670	0.04690
85	0.10195	0.07219	0.14041	0.10269	0.13032	0.08262
90	0.17379	0.12592	0.20793	0.16189	0.19588	0.13904
95	0.25917	0.21773	0.30792	0.25522	0.29444	0.23566
100	0.34724	0.32036	0.45599	0.40236	0.44259	0.35341

#### Marital Status

For active members, a percentage married upon retirement is assumed according to the following table.

Member Category	Percent Married
Miscellaneous Member	85%
Local Police	90%
Local Fire	90%
Other Local Safety	90%
School Police	90%
Schools	85%

## APPENDIX A

### Age of Spouse

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

### Separated Members

It is assumed that members refund immediately if non-vested, retire immediately if eligible, or retire at the earliest retirement age if not eligible.

### Termination with Refund

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

#### Public Agency Miscellaneous

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40	Entry Age 45
0	0.1760	0.1691	0.1622	0.1553	0.1483	0.1414
1	0.1561	0.1492	0.1423	0.1353	0.1284	0.1215
2	0.1362	0.1293	0.1224	0.1154	0.1085	0.1016
3	0.1163	0.1094	0.1025	0.0955	0.0886	0.0817
4	0.0964	0.0895	0.0826	0.0756	0.0687	0.0618
5	0.0283	0.0257	0.0232	0.0206	0.0181	0.0155
10	0.0184	0.0161	0.0139	0.0117	0.0095	0.0073
15	0.0120	0.0102	0.0083	0.0064	0.0046	0.0027
20	0.0073	0.0057	0.0041	0.0025	0.0009	0.0002
25	0.0034	0.0022	0.0009	0.0002	0.0002	0.0002
30	0.0010	0.0002	0.0002	0.0002	0.0002	0.0002

#### Public Agency Safety

Duration of Service	Fire	Police	County Peace Officer
0	0.0947	0.1299	0.1072
1	0.0739	0.0816	0.0841
2	0.0531	0.0348	0.0609
3	0.0323	0.0331	0.0470
4	0.0290	0.0314	0.0445
5	0.0095	0.0110	0.0156
10	0.0029	0.0068	0.0096
15	0.0021	0.0035	0.0048
20	0.0016	0.0022	0.0022
25	0.0010	0.0015	0.0010
30	0.0009	0.0012	0.0006

The Police Termination and Refund rates are used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

# APPENDIX A

## Schools

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
0	0.1617	0.1521	0.1425	0.1329	0.1233
1	0.1481	0.1385	0.1289	0.1193	0.1097
2	0.1346	0.1249	0.1153	0.1057	0.0961
3	0.1210	0.1114	0.1018	0.0922	0.0826
4	0.1074	0.0978	0.0882	0.0786	0.0690
5	0.0937	0.0841	0.0746	0.0650	0.0555
10	0.0215	0.0184	0.0153	0.0123	0.0092
15	0.0144	0.0118	0.0092	0.0066	0.0040
20	0.0091	0.0069	0.0047	0.0025	0.0003
25	0.0046	0.0029	0.0012	0.0002	0.0002
30	0.0019	0.0004	0.0002	0.0002	0.0002

## Termination with Vested Benefits

Rate vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

## Public Agency Miscellaneous

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
5	0.0482	0.0439	0.0395	0.0351	0.0307
10	0.0390	0.0343	0.0296	0.0249	0.0000
15	0.0326	0.0274	0.0224	0.0000	0.0000
20	0.0245	0.0192	0.0000	0.0000	0.0000
25	0.0156	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000

## Public Agency Safety

Duration of Service	Fire	Police	County Peace Officer
5	0.0162	0.0187	0.0265
10	0.0061	0.0145	0.0204
15	0.0058	0.0094	0.0130
20	0.0053	0.0075	0.0074
25	0.0047	0.0067	0.0043
30	0.0045	0.0064	0.0030
35	0.0000	0.0000	0.0000

- When a member is eligible to retire, the termination with vested benefits probability is set to zero.
- The Police Termination with vested benefits rates are used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

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Duration of Service	Schools				
	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
5	0.0591	0.0531	0.0470	0.0410	0.0349
6	0.0567	0.0505	0.0444	0.0382	0.0321
7	0.0540	0.0478	0.0415	0.0353	0.0290
8	0.0513	0.0450	0.0387	0.0323	0.0260
9	0.0486	0.0422	0.0357	0.0293	0.0229
10	0.0456	0.0391	0.0326	0.0260	0.0000
14	0.0404	0.0335	0.0266	0.0197	0.0000
15	0.0389	0.0319	0.0249	0.0000	0.0000
19	0.0321	0.0249	0.0176	0.0000	0.0000
20	0.0304	0.0230	0.0000	0.0000	0.0000
24	0.0231	0.0153	0.0000	0.0000	0.0000
25	0.0211	0.0000	0.0000	0.0000	0.0000
29	0.0123	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000



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## Non-Industrial (Not Job-Related) Disability

Rates vary by age and gender for Miscellaneous Plans.

Rates vary by age for Safety Plans

Age	Miscellaneous		Fire	Police	County Peace Officer	Schools	
	Male	Female	Male and Female	Male and Female	Male and Female	Male	Female
20	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
25	0.0002	0.0002	0.0001	0.0001	0.0001	0.0002	0.0001
30	0.0002	0.0004	0.0001	0.0002	0.0001	0.0004	0.0003
35	0.0008	0.0010	0.0001	0.0003	0.0002	0.0008	0.0005
40	0.0015	0.0016	0.0001	0.0004	0.0003	0.0014	0.0010
45	0.0024	0.0023	0.0002	0.0005	0.0004	0.0028	0.0016
50	0.0037	0.0035	0.0005	0.0008	0.0007	0.0050	0.0030
55	0.0049	0.0041	0.0010	0.0013	0.0012	0.0072	0.0047
60	0.0055	0.0039	0.0015	0.0020	0.0019	0.0071	0.0037

- The Miscellaneous Non-Industrial Disability rates are used for Local Prosecutors.
- The Police Non-Industrial Disability rates are used for Other Safety, Local Sheriff, and School Police.

## Industrial (Job-Related) Disability

Rates vary by age and category.

Age	Fire	Police	County Peace Officer
20	0.0002	0.0006	0.0002
25	0.0010	0.0028	0.0012
30	0.0021	0.0056	0.0025
35	0.0031	0.0084	0.0037
40	0.0041	0.0112	0.0050
45	0.0051	0.0140	0.0062
50	0.0062	0.0167	0.0075
55	0.0081	0.0201	0.0128
60	0.0081	0.0201	0.0128

- The Police Industrial Disability rates are used for Local Sheriff and Other Safety.
- Fifty Percent of the Police Industrial Disability rates are used for School Police.
- One Percent of the Police Industrial Disability rates are used for Local Prosecutors.
- Normally, rates are zero for Miscellaneous Plans unless the agency has specifically contracted for Industrial Disability benefits. If so, each Miscellaneous Non-Industrial Disability rate will be split into two components: 50% will become the Non-Industrial Disability rate and 50% will become the Industrial Disability rate.

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## Service Retirement

### Public Agency Miscellaneous 2% @ 60

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0085	0.0120	0.0146	0.0165	0.0184	0.0206
51	0.0059	0.0082	0.0100	0.0113	0.0126	0.0142
52	0.0092	0.0129	0.0157	0.0178	0.0198	0.0222
53	0.0104	0.0146	0.0177	0.0200	0.0224	0.0251
54	0.0109	0.0154	0.0187	0.0211	0.0236	0.0264
55	0.0198	0.0279	0.0339	0.0383	0.0427	0.0479
56	0.0181	0.0254	0.0308	0.0348	0.0389	0.0436
57	0.0208	0.0292	0.0354	0.0400	0.0447	0.0501
58	0.0262	0.0368	0.0447	0.0505	0.0564	0.0632
59	0.0335	0.0471	0.0572	0.0646	0.0721	0.0809
60	0.0615	0.0865	0.1051	0.1187	0.1325	0.1485
61	0.0628	0.0883	0.1073	0.1212	0.1353	0.1517
62	0.1258	0.1767	0.2147	0.2426	0.2708	0.3036
63	0.1263	0.1775	0.2156	0.2436	0.2720	0.3049
64	0.0972	0.1366	0.1659	0.1875	0.2093	0.2346
65	0.1731	0.2432	0.2955	0.3339	0.3727	0.4178
66	0.0946	0.1330	0.1616	0.1825	0.2038	0.2284
67	0.1272	0.1787	0.2171	0.2453	0.2738	0.3069

### Public Agency Miscellaneous 2% @ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0145	0.0184	0.0224	0.0269	0.0307	0.0366
51	0.0106	0.0135	0.0164	0.0198	0.0226	0.0269
52	0.0114	0.0145	0.0176	0.0212	0.0241	0.0287
53	0.0150	0.0190	0.0231	0.0278	0.0318	0.0378
54	0.0199	0.0252	0.0307	0.0369	0.0421	0.0502
55	0.0475	0.0604	0.0734	0.0883	0.1008	0.1200
56	0.0395	0.0502	0.0611	0.0735	0.0838	0.0998
57	0.0427	0.0542	0.0659	0.0793	0.0905	0.1078
58	0.0473	0.0601	0.0730	0.0879	0.1003	0.1194
59	0.0510	0.0648	0.0788	0.0948	0.1082	0.1287
60	0.0715	0.0908	0.1104	0.1328	0.1516	0.1804
61	0.0715	0.0908	0.1104	0.1328	0.1516	0.1805
62	0.1275	0.1620	0.1969	0.2369	0.2704	0.3219
63	0.1287	0.1636	0.1988	0.2392	0.2731	0.3250
64	0.0931	0.1182	0.1438	0.1729	0.1974	0.2350
65	0.1738	0.2209	0.2686	0.3231	0.3688	0.4390
66	0.1085	0.1378	0.1675	0.2016	0.2301	0.2739
67	0.1109	0.1409	0.1713	0.2061	0.2353	0.2801

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## Public Agency Miscellaneous 2.5% @ 55, 2.7% @ 55, 3% @ 60

Age	2.5% @ 55		2.7% @ 55		3% @ 60	
	Male	Female	Male	Female	Male	Female
50	0.05000	0.07000	0.05000	0.07000	0.05000	0.07000
51	0.02000	0.05000	0.02000	0.05000	0.02000	0.05000
52	0.03000	0.05000	0.03000	0.05000	0.03000	0.05000
53	0.03000	0.05000	0.03000	0.06000	0.03000	0.05000
54	0.04000	0.05000	0.04000	0.06000	0.04000	0.05000
55	0.08000	0.09000	0.09000	0.10000	0.08000	0.09000
56	0.06000	0.07000	0.07000	0.08000	0.07000	0.08000
57	0.07000	0.06000	0.08000	0.07000	0.08000	0.07000
58	0.08000	0.10000	0.08000	0.10000	0.09000	0.11000
59	0.09000	0.09000	0.10000	0.09000	0.11000	0.10000
60	0.16000	0.12000	0.17000	0.13000	0.19000	0.15000
61	0.15000	0.10000	0.16000	0.11000	0.17000	0.12000
62	0.26000	0.21000	0.28000	0.23000	0.31000	0.25000
63	0.22000	0.18000	0.23000	0.20000	0.26000	0.22000
64	0.15000	0.13000	0.16000	0.14000	0.18000	0.16000
65	0.25000	0.25000	0.27000	0.27000	0.30000	0.30000
66	0.14000	0.15000	0.15000	0.16000	0.17000	0.18000
67	0.12000	0.14000	0.13000	0.16000	0.14000	0.17000
68	0.12000	0.11000	0.13000	0.12000	0.15000	0.13000
69	0.09000	0.13000	0.10000	0.14000	0.11000	0.15000
70	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

## Public Agency Fire 1/2 @ 55 and 2% @ 55

Age	Rate	Age	Rate
50	0.01588	56	0.11079
51	0.00000	57	0.00000
52	0.03442	58	0.09499
53	0.01990	59	0.04409
54	0.04132	60	1.00000
55	0.07513		

## Public Agency Police 1/2 @ 55 and 2% @ 55

Age	Rate	Age	Rate
50	0.02552	56	0.06921
51	0.00000	57	0.05113
52	0.01637	58	0.07241
53	0.02717	59	0.07043
54	0.00949	60	1.00000
55	0.16674		

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Public Agency Police 2% @ 50

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0138	0.0138	0.0138	0.0138	0.0253	0.0451
51	0.0123	0.0123	0.0123	0.0123	0.0226	0.0402
52	0.0262	0.0262	0.0262	0.0262	0.0480	0.0855
53	0.0523	0.0523	0.0523	0.0523	0.0957	0.1706
54	0.0697	0.0697	0.0697	0.0697	0.1275	0.2274
55	0.0899	0.0899	0.0899	0.0899	0.1645	0.2932
56	0.0638	0.0638	0.0638	0.0638	0.1166	0.2079
57	0.0711	0.0711	0.0711	0.0711	0.1300	0.2318
58	0.0628	0.0628	0.0628	0.0628	0.1149	0.2049
59	0.1396	0.1396	0.1396	0.1396	0.1735	0.2544
60	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
61	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
62	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
63	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
64	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
65	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Public Agency Fire 2% @ 50

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0065	0.0065	0.0065	0.0065	0.0101	0.0151
51	0.0081	0.0081	0.0081	0.0081	0.0125	0.0187
52	0.0173	0.0173	0.0173	0.0173	0.0267	0.0400
53	0.0465	0.0465	0.0465	0.0465	0.0716	0.1072
54	0.0638	0.0638	0.0638	0.0638	0.0983	0.1471
55	0.0868	0.0868	0.0868	0.0868	0.1336	0.2000
56	0.0779	0.0779	0.0779	0.0779	0.1200	0.1796
57	0.0901	0.0901	0.0901	0.0901	0.1387	0.2077
58	0.0790	0.0790	0.0790	0.0790	0.1217	0.1821
59	0.0729	0.0729	0.0729	0.0729	0.1123	0.1681
60	0.1135	0.1135	0.1135	0.1135	0.1747	0.2615
61	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
62	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
63	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
64	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
65	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

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## Public Agency Police 3% @ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0193	0.0193	0.0193	0.0193	0.0397	0.0600
51	0.0157	0.0157	0.0157	0.0157	0.0324	0.0491
52	0.0163	0.0163	0.0163	0.0163	0.0337	0.0510
53	0.0587	0.0587	0.0587	0.0587	0.1208	0.1829
54	0.0691	0.0691	0.0691	0.0691	0.1422	0.2154
55	0.1164	0.1164	0.1164	0.1164	0.2397	0.3630
56	0.0756	0.0756	0.0756	0.0756	0.1556	0.2357
57	0.0581	0.0581	0.0581	0.0581	0.1196	0.1812
58	0.0508	0.0508	0.0508	0.0508	0.1045	0.1583
59	0.0625	0.0625	0.0625	0.0625	0.1287	0.1949
60	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

## Public Agency Fire 3% @ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0024	0.0024	0.0024	0.0035	0.0055	0.0065
51	0.0048	0.0048	0.0048	0.0070	0.0110	0.0128
52	0.0147	0.0147	0.0147	0.0215	0.0339	0.0396
53	0.0425	0.0425	0.0425	0.0621	0.0979	0.1142
54	0.0567	0.0567	0.0567	0.0828	0.1306	0.1523
55	0.0915	0.0915	0.0915	0.1337	0.2109	0.2459
56	0.0811	0.0811	0.0811	0.1184	0.1868	0.2178
57	0.0996	0.0996	0.0996	0.1455	0.2295	0.2676
58	0.0814	0.0814	0.0814	0.1189	0.1874	0.2185
59	0.0775	0.0775	0.0775	0.1131	0.1784	0.2080
60	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

# APPENDIX A

## Public Agency Police 3% @ 50

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0435	0.0435	0.0435	0.0821	0.1208	0.1559
51	0.0385	0.0385	0.0385	0.0728	0.1071	0.1382
52	0.0614	0.0614	0.0614	0.1159	0.1705	0.2200
53	0.0689	0.0689	0.0689	0.1303	0.1916	0.2472
54	0.0710	0.0710	0.0710	0.1342	0.1974	0.2547
55	0.0898	0.0898	0.0898	0.1698	0.2497	0.3222
56	0.0687	0.0687	0.0687	0.1299	0.1910	0.2465
57	0.0803	0.0803	0.0803	0.1518	0.2232	0.2880
58	0.0791	0.0791	0.0791	0.1495	0.2198	0.2837
59	0.0820	0.0820	0.0820	0.1549	0.2279	0.2940
60	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

\* These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

## Public Agency Fire 3% @ 50

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0341	0.0341	0.0341	0.0477	0.0679	0.0804
51	0.0463	0.0463	0.0463	0.0647	0.0922	0.1091
52	0.0693	0.0693	0.0693	0.0967	0.1377	0.1630
53	0.0835	0.0835	0.0835	0.1166	0.1661	0.1965
54	0.1025	0.1025	0.1025	0.1431	0.2038	0.2412
55	0.1265	0.1265	0.1265	0.1766	0.2516	0.2977
56	0.1210	0.1210	0.1210	0.1690	0.2407	0.2848
57	0.1010	0.1010	0.1010	0.1411	0.2010	0.2378
58	0.1184	0.1184	0.1184	0.1652	0.2354	0.2786
59	0.1002	0.1002	0.1002	0.1399	0.1993	0.2358
60	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

## Schools 2% @ 55

Age	Duration of Service						
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years	35 Years
50	0.0036	0.0071	0.0100	0.0118	0.0131	0.0147	0.0172
52	0.0035	0.0069	0.0096	0.0114	0.0127	0.0142	0.0167
54	0.0060	0.0118	0.0165	0.0196	0.0218	0.0244	0.0286
56	0.0158	0.0314	0.0439	0.0519	0.0578	0.0647	0.0760
58	0.0202	0.0402	0.0562	0.0663	0.0739	0.0827	0.0971
60	0.0368	0.0729	0.1020	0.1205	0.1342	0.1502	0.1763
62	0.0762	0.1512	0.2115	0.2498	0.2784	0.3114	0.3657
65	0.0906	0.1797	0.2513	0.2969	0.3308	0.3701	0.4345
70	0.0660	0.1308	0.1830	0.2162	0.2408	0.2695	0.3164
75	0.0546	0.1082	0.1513	0.1788	0.1992	0.2229	0.2617

## **APPENDIX B**

### **\* SUMMARY OF PRINCIPAL PLAN PROVISIONS**

## APPENDIX B

The following is a description of the principal plan provisions used in calculating the liabilities of the Miscellaneous 2% at 55 Risk Pool. Plan provisions are divided based on whether they are standard, Class 1, Class 2 or Class 3 benefits. Standard benefits are applicable to all members of the risk pool while Class 1, 2 or 3 benefits vary among employers. Provided at the end of the listing is a table providing the percentage of members participating in the pool that are subject to each benefit.

Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The law itself governs in all situations.

### Service Retirement

#### Eligibility

A CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements)

#### Benefit

The Service Retirement benefit calculated for service earned by this group of employees is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation*, where

- The *benefit factor* for this group of employees comes from the 2% at 55 Miscellaneous benefit formula factor table. The factor depends on the member's age at retirement. Listed below are the factors for retirement at whole year ages:

Retirement Age	2% at 55 Miscellaneous Factor	Retirement Age	2% at 55 Miscellaneous Factor
50	1.426%	57	2.104%
51	1.522%	58	2.156%
52	1.628%	59	2.210%
53	1.742%	60	2.262%
54	1.866%	61	2.314%
55	2%	62	2.366%
56	2.052%	63 & Up	2.418%

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.
- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit available to all members is 36 months. Employers have the option of providing a final compensation equal to the highest 12 consecutive months by contracting for this class 1 optional benefit.
- For employees covered by the modified formula, the final compensation is offset by \$133.33 (or by one third if the final compensation is less than \$400). Employers have the option to contract for the class 3 benefit that will eliminate the offset applicable to the final compensation of employees covered by a modified formula.



## APPENDIX B

- The Miscellaneous Service Retirement benefit is not capped. The Safety Service Retirement benefit is capped at 90% of final compensation.

### Vested Deferred Retirement

#### Eligibility for Deferred Status

A CalPERS member becomes eligible for a deferred vested retirement benefit when he or she leaves employment, keeps his or her contribution account balance on deposit with CalPERS, and has earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements).

#### Eligibility to Start Receiving Benefits

The CalPERS member becomes eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 50.

#### Benefit

The vested deferred retirement benefit is the same as the Service Retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

### Non-Industrial (Non-Job Related) Disability Retirement

#### Eligibility

A CalPERS member is eligible for Non-Industrial Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform his or her job because of an illness or injury which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively working with any CalPERS employer at the time of disability in order to be eligible for this benefit.

#### Standard Benefit

The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by *service*, which is determined as follows:

- *service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- *service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33 1/3% of Final Compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

#### Improved Benefit

Employers have the option of providing this improved benefit by contracting for this class 3 optional benefit.

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The Improved Non-Industrial Disability Retirement benefit is a monthly allowance equal to 30% of final compensation for the first 5 years of service, plus 1% for each additional year of service to a maximum of 50% of final compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

### **Industrial (Job Related) Disability Retirement**

Employers have the option of providing this improved benefit by contracting for this class 1 optional benefit.

#### **Eligibility**

An employee is eligible for Industrial Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury which is expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described in the next paragraph.

#### **Standard Benefit**

The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50% of final compensation. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of or annuitization of the accumulated member contributions with respect to employment in this group. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

#### **Increased Benefit (75% of Final Compensation)**

The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75% of final compensation for total disability. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of or annuitization of the accumulated member contributions with respect to employment in this group. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

### **Post-Retirement Death Benefit**

#### **Standard Lump Sum Payment**

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

#### **Improved Lump Sum Payment**

Employers have the option of providing any of these improved lump sum death benefit by contracting for any of these class 3 optional benefits.

Upon the death of a retiree, a one-time lump sum payment of \$600, \$2,000, \$3,000, \$4,000 or \$5,000 will be made to the retiree's designated survivor(s), or to the retiree's estate.

## Form of Payment for Retirement Allowance

### Standard Form of Payment

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. The larger the amount to be provided to the beneficiary is, and the younger the beneficiary is, the greater the reduction to the retiree's allowance.

### Improved Form of Payment (Post Retirement Survivor Allowance)

Employers have the option to contract for this class 1 benefit providing an improved post retirement survivor allowance.

For retirement allowances with respect to service subject to the modified formula, 25% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to the full formula, 50% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is often referred to as post retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25% or 50% of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried children until they attain age 18; or, if no eligible children, to a qualifying dependent parent) for the rest of his or her lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75% or 50% of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. CalPERS offers a variety of such benefit options, which the retiree pays for by taking a reduction to the option portion of his or her retirement allowance.

## Pre-Retirement Death Benefits

### Basic Death Benefit

#### Eligibility

An employee's beneficiary (or estate) may receive the Basic Death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit described below may choose to receive that death benefit instead of this Basic Death benefit.

#### Standard Benefit

The Basic Death Benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.75% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

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### 1957 Survivor Benefit

#### Eligibility

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried children under age 18. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the Special Death benefit.

#### Standard Benefit

The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified Service Retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to a dependent child, the benefit will be discontinued upon death or attainment of age 18, unless the child is disabled. There is a guarantee that the total amount paid will at least equal the Basic Death benefit.

### Optional Settlement 2W Death Benefit

#### Eligibility

An employee's *eligible survivor* may receive the Optional Settlement 2W Death benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with any CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the 1957 Survivor benefit.

#### Standard Benefit

The Optional Settlement 2W Death benefit is a monthly allowance equal to the Service Retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried children under age 18, if applicable. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

### Special Death Benefit

#### Eligibility

An employee's *eligible survivor(s)* may receive the Special Death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with any CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried children under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

#### Improved Benefit

The Special Death benefit is a monthly allowance equal to 50% of final compensation, and will be increased whenever the compensation paid to active employees is increased, but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death at which time the

## APPENDIX B

allowance is continued to any unmarried children under age 22. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving children (*eligible* means unmarried children under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- |                                   |                             |
|-----------------------------------|-----------------------------|
| • If 1 eligible child:            | 12.5% of final compensation |
| • If 2 eligible children:         | 20.0% of final compensation |
| • If 3 or more eligible children: | 25.0% of final compensation |

### Cost of Living Adjustments

#### Standard Benefit

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

#### Improved Benefit

Employers have the option of providing any of these improved cost-of-living adjustments by contracting for any one of these class 1 optional benefits.

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by either 3%, 4% or 5%. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

### Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80% of the initial allowance at retirement adjusted for inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

### Employee Contributions

Each employee contributes toward his or her retirement based upon the following schedule. The employer may choose to "pick-up" these contributions for the employees.

The percent contributed below the monthly compensation breakpoint is 0%.

The monthly compensation breakpoint is \$0 for full and supplemental formula members, except for those members in the CSU auxiliary organizations where the breakpoint is \$513.

The monthly compensation breakpoint is \$133.33 for employees covered by the modified formula.

The percent contributed above the monthly compensation breakpoint is 7% except for those members in the CSU auxiliary organizations where the contribution rate has been set at the State member level.

### Refund of Employee Contributions

If the member's service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of his or her employee contributions, which are credited annually with 6% interest.

## APPENDIX C

- CLASSIFICATION OF OPTIONAL BENEFITS
- EXAMPLE OF INDIVIDUAL AGENCY'S RATE CALCULATION
- DISTRIBUTION OF CLASS 4 BENEFITS

## APPENDIX C

### Classification of Optional Benefits

Below is the list of the available optional benefit provisions and their initial classification upon establishment of risk pools. When new benefits become available as a result of legislation, the Chief actuary will determine their classification in accordance with the criteria established in the board policy.

#### Class 1

Class 1 benefits have been identified to be the more expensive ancillary benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 1 benefit will be responsible for the past service liability associated with such benefit and will be required to pay a surcharge established by the actuary to cover the ongoing cost (normal cost) of the Class 1 benefit.

The table below shows the list of Class 1 benefits and their applicable surcharge for the Miscellaneous 2% at 55 Risk Pool. Last year's surcharges are shown for comparison.

	June 30, 2007	June 30, 2008
• One Year Final Compensation	0.508%	0.509%
• EPMC 7%	0.913%	0.917%
• EPMC 8%	N/A	N/A
• EPMC 9%	N/A	N/A
• 25% PRSA	0.876%	0.884%
• 50% PRSA	0.876%	0.884%
• 3% Annual COLA	1.156%	1.161%
• 4% Annual COLA	1.156%	1.161%
• 5% Annual COLA	1.156%	1.161%
• IDR For Local Miscellaneous Members	0.546%	0.548%
• Increased IDR Allowance to 75% of Compensation	0.964%	0.967%
• Improved Industrial Disability Allowance for Local Safety Members	N/A	N/A
• 1% Employee Cost Sharing	(1.000%)	(1.000%)
• 2% Employee Cost Sharing	(2.000%)	(2.000%)
• 75% Employee Cost Sharing	(0.750%)	(0.750%)
• 7% Employee Contribution Reduction	7.000%	7.000%
• 3.50% Employee Contribution Reduction	3.500%	3.500%
• Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level - Covered by Social Security	2.000%	2.000%
• Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level - Not Covered by Social Security	1.000%	1.000%
• 1.25% @ 65 Miscellaneous	N/A	N/A
• 2.5% @ 55 Safety	N/A	N/A
• 1/2 @ 55 Safety	N/A	N/A

For employers contracting for more than one Class 1 benefit, the surcharges listed in this table will be added together.

#### Class 2

Class 2 benefits have been identified to be the ancillary benefits providing one-time increases in benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 2 benefit will be responsible for the past service liability associated with such benefit.

The following benefits shall be classified as Class 2:

- One-time 1% to 6% Ad Hoc COLA Increases for members who retired or died prior to January 1, 1998 (Section 21328)

## APPENDIX C

- "Golden Handshakes" - Section 20903 Two Years Additional Service Credit
- Credit for Prior Service Paid for by the Employer
- Military Service Credit (Section 20996)
- Credit for Local Retirement System Service for Employees of Agencies Contracted on a Prospective basis (Section 20530.1)
- Prior Service Credit for Employees of an Assumed Agency Function (Section 20936)
- Limit Prior Service to Members Employed on Contract Date (Section 20938)
- Public Service Credit for Limited Prior Service (Section 21031)
- Public Service Credit for Employees of an Assumed Agency or Function (Section 21025)

### Class 3

Class 3 benefits have been identified to be the less expensive ancillary benefits. Class 3 benefits may vary by rate plan within each risk pool. However, the employer contribution rate will not vary within the risk pool due to the Class 3 benefits.

The following benefits shall be classified as Class 3:

- Full formula plus social security
- Post Retirement Lump Sum Death Benefit
- \$600 lump sum retired death benefit (Section 21622)
- \$2,000 lump sum retired death benefit (Section 21623.5)
- \$3,000 lump sum retired death benefit (Section 21623.5)
- \$4,000 lump sum retired death benefit (Section 21623.5)
- \$5,000 lump sum retired death benefit (Section 21623.5)
- Improved non-industrial disability allowance (Section 21427)
- Special death benefit for local miscellaneous members (Section 21540.5)
- Service Credit Purchased by Member
- Partial Service Retirement (Section 21118)
- Optional Membership for Part Time Employees (Section 20325)
- Extension of Reciprocity Rights for Elective Officers (Section 20356)
- Removal of Contract Exclusions Prospectively Only (Section 20503)
- Alternate Death Benefit for Local Fire Members credited with 20 or more years of service (Section 21547.7)



## Example Of Individual Agency's Rate Calculation

An individual employer rate is comprised of several components. These include the pool's net employer normal cost, payment on the pool's unfunded liability, additional surcharge payments for contracted Class 1 benefits, the normal cost phase-out and an agency's payment for their own side fund. An example of the total rate for an employer might look something like this:

Net Pool's Employer Normal Cost	7.740%
Rate Plan Surcharges	<u>0.509%</u>
Total Employer Normal Cost	8.249%
Plus: Pool's Payment on the Amortization Bases	0.735%
Normal Cost Phase Out	0.400%
Side Fund Amortization Payment	<u>2.600%</u>
Total Employer Rate for fiscal year 2010-2011	11.984%

Details regarding your individual agency's normal cost phase out, side fund and surcharges can be found in Section 1.

## Distribution of Class 1 Benefits

	% of members in the pool with contracted benefit
<i>Final Compensation</i>	
One Year Final Compensation	69.7%
Three Years Final Compensation	30.3%
<i>Post Retirement Survivor Continuance (PRSA)</i>	
No PRSA	79.5%
With PRSA	20.5%
<i>Cost-of-Living Adjustments (COLA)</i>	
2% COLA	95.9%
3% COLA	2.2%
4% COLA	0.6%
5% COLA	1.3%
<i>Industrial Disability Benefit</i>	
None	95.9%
Standard Industrial Disability Benefit (50% of Final Compensation)	3.5%
Improved Industrial Disability Benefit (75% of Final Compensation)	0.6%
Improved Industrial Disability Benefit (50% - 90% of Final Compensation)	0.0%

## APPENDIX D

### LIST OF PARTICIPATING EMPLOYERS

APPENDIX D

**Employer Name**

AGOURA HILLS AND CALABASAS COMMUNITY CENTER  
ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY  
ALAMEDA COUNTY FIRE DEPARTMENT  
ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS  
ALTADENA LIBRARY DISTRICT  
AMADOR COUNTY TRANSPORTATION COMMISSION  
AMADOR RAPID TRANSIT DISTRICT  
AMADOR WATER AGENCY  
AMERICAN RIVER FLOOD CONTROL DISTRICT  
ANDERSON CEMETERY DISTRICT  
ANTELOPE VALLEY TRANSIT AUTHORITY  
ARCADE CREEK RECREATION AND PARK DISTRICT  
AROMAS WATER DISTRICT  
ARROWBEAR PARK COUNTY WATER DISTRICT  
ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS  
AUBURN AREA RECREATION AND PARK DISTRICT  
AUBURN PUBLIC CEMETERY DISTRICT  
AZTEC SHOPS, LTD  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BEAR VALLEY COMMUNITY SERVICES DISTRICT  
BELMONT SAN CARLOS FIRE DEPARTMENT  
BELVEDERE-TIBURON LIBRARY AGENCY  
BIG BEAR CITY AIRPORT DISTRICT  
BIG BEAR MUNICIPAL WATER DISTRICT  
BLACK GOLD COOPERATIVE LIBRARY SYSTEM  
BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT  
BROADMOOR POLICE PROTECTION DISTRICT  
BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT  
BROWNS VALLEY IRRIGATION DISTRICT  
BUENA PARK LIBRARY DISTRICT  
BURNLEY FIRE DISTRICT  
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT  
BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
BUTTE COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
BUTTE LOCAL AGENCY FORMATION COMMISSION  
BUTTE SCHOOLS SELF-FUNDED PROGRAMS  
CABRILLO COLLEGE FOUNDATION  
CACHUMA OPERATIONS AND MAINTENANCE BOARD  
CALAVERAS COUNCIL OF GOVERNMENTS  
CALIF INTERSCHOLASTIC FED - NORTHERN SECTION  
CALIFORNIA AUTHORITY OF RACING FAIRS  
CALIFORNIA BEAR CREDIT UNION  
CALIFORNIA FAIR SERVICES AUTHORITY  
CALIFORNIA FIREFIGHTERS JOINT APPRENTICESHIP COMMITTEE  
CALIFORNIA INTERSCHOLASTIC FEDERATION, CENTRAL COAST SECTION  
CALIFORNIA INTERSCHOLASTIC FEDERATION, NORTH COAST SECTION  
CALIFORNIA INTERSCHOLASTIC FEDERATION, SAC JOAQUIN SECTION  
CALIFORNIA INTERSCHOLASTIC FEDERATION, SAN DIEGO SECTION  
CALIFORNIA INTERSCHOLASTIC FEDERATION, SOUTHERN SECTION  
CALIFORNIA INTERSCHOLASTIC FEDERATION, STATE OFFICE  
CALIFORNIA JOINT POWERS INSURANCE AUTHORITY  
CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION  
CALIFORNIA REDEVELOPMENT ASSOCIATION  
CALIFORNIA STATE AND FEDERAL EMPLOYEES #20 CREDIT UNION  
CALIFORNIA STATE UNIVERSITY, FRESNO ATHLETIC CORPORATION  
CALIFORNIA STATE UNIVERSITY-FRESNO ASSOCIATION, INC.

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CALLEGUAS MUNICIPAL WATER DISTRICT  
CAMBRIA COMMUNITY HEALTHCARE DISTRICT  
CAMERON PARK COMMUNITY SERVICES DISTRICT  
CAMROSA WATER DISTRICT  
CAPITOL AREA DEVELOPMENT AUTHORITY  
CARMICHAEL WATER DISTRICT  
CARPINTERIA SANITARY DISTRICT  
CARPINTERIA VALLEY WATER DISTRICT  
CASTAIC LAKE WATER AGENCY  
CENTRAL COAST WATER AUTHORITY  
CENTRAL SIERRA CHILD SUPPORT AGENCY  
CENTRAL WATER DISTRICT  
CHICO AREA RECREATION AND PARK DISTRICT  
CITRUS HEIGHTS WATER DISTRICT  
CITY OF AGOURA HILLS  
CITY OF ALISO VIEJO  
CITY OF AMERICAN CANYON  
CITY OF ARVIN  
CITY OF AUBURN  
CITY OF AVALON  
CITY OF AVENAL  
CITY OF BELLFLOWER  
CITY OF BELMONT  
CITY OF BELVEDERE  
CITY OF BISHOP  
CITY OF BRAWLEY  
CITY OF BUELTON  
CITY OF CALABASAS  
CITY OF CANYON LAKE  
CITY OF CARMEL-BY-THE-SEA  
CITY OF CARPINTERIA  
CITY OF CLAYTON  
CITY OF CLEARLAKE  
CITY OF CLOVERDALE  
CITY OF COLUSA  
CITY OF CORCORAN  
CITY OF CORNING  
CITY OF DANA POINT  
CITY OF DIAMOND BAR  
CITY OF DINUBA  
CITY OF DUNSMUIR  
CITY OF FILLMORE  
CITY OF FORT BRAGG  
CITY OF GOLETA  
CITY OF GREENFIELD  
CITY OF GRIDLEY  
CITY OF GUADALUPE  
CITY OF HALF MOON BAY  
CITY OF HERCULES  
CITY OF HERMOSA BEACH  
CITY OF HIGHLAND  
CITY OF IRVINDALE  
CITY OF KING CITY  
CITY OF KINGSBURG  
CITY OF LA CANADA FLINTRIDGE  
CITY OF LA MIRADA  
CITY OF LAGUNA NIGUEL  
CITY OF LAGUNA WOODS  
CITY OF LAKE FOREST

APPENDIX D

CITY OF LATHROP  
CITY OF LAWDALE  
CITY OF LEMOORE  
CITY OF LIVINGSTON  
CITY OF LOMA LINDA  
CITY OF MALIBU  
CITY OF MARINA  
CITY OF MARTINEZ  
CITY OF MAYWOOD  
CITY OF MONTE SERENO  
CITY OF MOORPARK  
CITY OF MT. SHASTA  
CITY OF NEEDLES  
CITY OF OJAI  
CITY OF OROVILLE  
CITY OF PACIFIC GROVE  
CITY OF PALOS VERDES ESTATES  
CITY OF PARLIER  
CITY OF PLACENTIA  
CITY OF PLEASANT HILL  
CITY OF RED BLUFF  
CITY OF REEDLEY  
CITY OF RIO VISTA  
CITY OF RIVERBANK  
CITY OF ROLLING HILLS ESTATES  
CITY OF SAN DIMAS  
CITY OF SAN FERNANDO  
CITY OF SAN JOAQUIN  
CITY OF SAN JOSE  
CITY OF SAN MARINO  
CITY OF SANTA PAULA  
CITY OF SARATOGA  
CITY OF SEAL BEACH  
CITY OF SEASIDE  
CITY OF SEBASTOPOL  
CITY OF SHAFER  
CITY OF SIGNAL HILL  
CITY OF SONOMA  
CITY OF SOUTH PASADENA  
CITY OF ST. HELENA  
CITY OF STANTON  
CITY OF SUISUN CITY  
CITY OF TAFT  
CITY OF TEHACHAPE  
CITY OF TULELAKE  
CITY OF VILLA PARK  
CITY OF WALNUT  
CITY OF WILLIAMS  
CITY OF WINTERS  
CITY OF WOODLAKE  
CITY OF YREKA  
CITY OF YUCAIPA  
CLEARLAKE OAKS COUNTY WATER DISTRICT  
COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS  
COACHELLA VALLEY PUBLIC CEMETERY DISTRICT  
COAST LIFE SUPPORT DISTRICT  
COLLEGE OF THE CANYONS FOUNDATION  
COLUSA COUNTY ONE-STOP PARTNERSHIP  
COLUSA MOSQUITO ABATEMENT DISTRICT

## APPENDIX D

CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP  
CONTRA COSTA TRANSPORTATION AUTHORITY  
COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES  
COPPEROPOLIS FIRE PROTECTION DISTRICT  
CORDOVA RECREATION AND PARK DISTRICT  
COSTA MESA SANITARY DISTRICT  
COUNTY OF ALPINE  
CRESCENT CITY HARBOR DISTRICT  
CRESCENTA VALLEY WATER DISTRICT  
CSAC EXCESS INSURANCE AUTHORITY  
DAIRY COUNCIL OF CALIFORNIA  
DEL PASO MANOR WATER DISTRICT  
DEL PUERTO WATER DISTRICT  
DIXON UNIFIED SCHOOL DISTRICT LIBRARY DISTRICT  
DONALD P AND KATHERINE B LOKER UNIVERSITY STUDENT UNION, INC  
EAST QUINCY SERVICES DISTRICT  
EAST SAN GABRIEL VALLEY HUMAN SERVICES CONSORTIUM  
EL DORADO COUNTY TRANSIT AUTHORITY  
EL DORADO COUNTY TRANSPORTATION COMMISSION  
EL DORADO HILLS COMMUNITY SERVICES DISTRICT  
ESPARTO FIRE PROTECTION DISTRICT  
EXETER DISTRICT AMBULANCE  
FAIR OAKS RECREATION & PARK DISTRICT  
FAIR OAKS WATER DISTRICT  
FEATHER RIVER RECREATION AND PARK DISTRICT  
FLORIN RESOURCE CONSERVATION DISTRICT ELK GROVE WATER WORKS  
FOOTHILL MUNICIPAL WATER DISTRICT  
FORT ORD REUSE AUTHORITY  
FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT  
FULLERTON CALIFORNIA STATE UNIVERSITY ASSOCIATED STUDENTS  
FULTON EL-CAMINO RECREATION AND PARK DISTRICT  
GLENN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT  
GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
GOLETA SANITARY DISTRICT  
GOLETA WEST SANITARY DISTRICT  
GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT  
GREATER VALLEJO RECREATION DISTRICT  
GRIDLEY BIGGS CEMETERY DISTRICT  
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT AUXILIARY ORGANIZATION  
HAPPY HOMESTEAD CEMETERY DISTRICT  
HAYWARD CALIFORNIA STATE UNIVERSITY, AUXILIARY FOUNDATION, INC.  
HENRY MILLER RECLAMATION DISTRICT NO. 2131  
HOPLAND PUBLIC UTILITY DISTRICT  
HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO  
HOUSING AUTHORITY OF THE COUNTY OF BUTTE  
HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
HUMAN RIGHTS/FAIR HOUSING COMMISSION OF THE CITY AND COUNTY OF SACRAMENTO  
HUMBOLDT BAY HARBOR RECREATION AND CONSERVATION DISTRICT  
HUMBOLDT BAY MUNICIPAL WATER DISTRICT  
HUMBOLDT COMMUNITY SERVICES DISTRICT  
HUMBOLDT NO. 1 FIRE PROTECTION DISTRICT OF HUMBOLDT COUNTY  
HUMBOLDT STATE COLLEGE UNIVERSITY CENTER  
HUMBOLDT TRANSIT AUTHORITY  
HUMBOLDT WASTE MANAGEMENT AUTHORITY  
INTERGOVERNMENTAL TRAINING AND DEVELOPMENT CENTER  
ISLA VISTA RECREATION AND PARK DISTRICT  
JURUPA AREA RECREATION AND PARK DISTRICT  
KINGS COUNTY AREA PUBLIC TRANSIT AGENCY  
KINGS COUNTY ASSOCIATION OF GOVERNMENTS

## APPENDIX C

KINGS IHSS PUBLIC AUTHORITY  
 KINGS MOSQUITO ABATEMENT DISTRICT  
 KONOCTI COUNTY WATER DISTRICT  
 LAGUNA BEACH CO. WATER DISTRICT  
 LAKE HEMET MUNICIPAL WATER DISTRICT  
 LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
 LAKEPORT COUNTY FIRE PROTECTION DISTRICT  
 LITTLE LAKE FIRE PROTECTION DISTRICT  
 LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
 LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 LOCAL GOVERNMENT SERVICES AUTHORITY, JPA.  
 LOMPICO COUNTY WATER DISTRICT  
 LONG BEACH STATE UNIVERSITY, ASSOCIATED STUDENTS  
 LONG BEACH STATE UNIVERSITY, FORTY-NINER SHOPS, INC.  
 LOS GATOS-SARATOGA DEPARTMENT OF COMMUNITY EDUCATION AND RECREATION  
 LOS OSOS COMMUNITY SERVICES DISTRICT  
 LOWER LAKE CEMETERY DISTRICT  
 LOWER TUJUE RIVER IRRIGATION DISTRICT  
 MADERA CEMETERY DISTRICT  
 MADERA COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT  
 MAIN SAN GABRIEL BASIN WATERMASTER  
 MARIN CHILDREN AND FAMILIES COMMISSION  
 MARIN COUNTY HOUSING AUTHORITY  
 MARIN COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
 MARYSVILLE CITY  
 MAXWELL PUBLIC UTILITY DISTRICT  
 MC KINLEYVILLE COMMUNITY SERVICE DISTRICT  
 MEEKS BAY FIRE PROTECTION DISTRICT  
 MESA CONSOLIDATED WATER DISTRICT  
 METROPOLITAN COOPERATIVE LIBRARY SYSTEM  
 MID-PENINSULA WATER DISTRICT  
 MID-PLACER PUBLIC SCHOOLS TRANSPORTATION AGENCY  
 MOKOLUMNE RURAL FIRE DISTRICT  
 MONTECITO SANITARY DISTRICT OF SANTA BARBARA COUNTY  
 MONTECITO WATER DISTRICT  
 MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT  
 MONTEREY COUNTY WATER RESOURCES AGENCY  
 MONTEREY PENINSULA AIRPORT DISTRICT  
 MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
 MOULTON-NIGUEL WATER DISTRICT  
 MT. SAN ANTONIO COLLEGE ASSOCIATED STUDENTS  
 MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
 NEVADA COUNTY LOCAL AGENCY FORMATION COMMISSION  
 NEVADA-SIERRA REGIONAL IHSS PUBLIC AUTHORITY  
 NEWHALL COUNTY WATER DISTRICT  
 NORTH BAY COOPERATIVE LIBRARY SYSTEM  
 NORTH BAY SCHOOLS INSURANCE AUTHORITY  
 NORTH CENTRAL COUNTIES CONSORTIUM  
 NORTH COAST RAILROAD AUTHORITY  
 NORTH COAST UNIFIED AIR QUALITY MANAGEMENT DISTRICT  
 NORTHERN CALIFORNIA SPECIAL DISTRICTS INSURANCE AUTHORITY  
 NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT  
 NORTHSHORE FIRE PROTECTION DISTRICT  
 NOVATO SANITARY DISTRICT  
 OAKDALE RURAL FIRE PROTECTION DISTRICT  
 OCEANO COMMUNITY SERVICES DISTRICT  
 OJAI VALLEY SANITARY DISTRICT  
 ORANGE COUNTY TRANSPORTATION COMMISSION  
 ORANGE COUNTY VECTOR CONTROL DISTRICT

## APPENDIX D

ORLAND CEMETERY DISTRICT  
OROVILLE MOSQUITO ABATEMENT DISTRICT  
PAJARO VALLEY PUBLIC CEMETERY DISTRICT  
PAJARO VALLEY WATER MANAGEMENT AGENCY  
PALMDALE WATER DISTRICT  
PALOS VERDES LIBRARY DISTRICT  
PARADISE RECREATION AND PARK DISTRICT  
PASADENA CITY COLLEGE BOOKSTORE  
PENINSULA FIRE DISTRICT  
PICO WATER DISTRICT  
PINE GROVE MOSQUITO ABATEMENT DISTRICT  
PIONEER CEMETERY DISTRICT  
PLACER COUNTY CEMETERY DISTRICT #1  
PLACER COUNTY MOSQUITO ABATEMENT DISTRICT  
PLACER COUNTY RESOURCE CONSERVATION DISTRICT  
PLACER COUNTY TRANSPORTATION COMMISSION  
PLACER HILLS FIRE PROTECTION DISTRICT  
PLEASANT HILL - MARTINEZ JOINT FACILITIES AGENCY  
PLEASANT HILL RECREATION AND PARK DISTRICT  
PLUMAS EUREKA COMMUNITY SERVICES DISTRICT  
PLUMAS LOCAL AGENCY FOUNDATION  
POMERADO CEMETERY DISTRICT  
QUARTZ HILL WATER DISTRICT  
QUINCY COMMUNITY SERVICES DISTRICT  
RANCHO ADOBE FIRE PROTECTION DISTRICT  
RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
RANCHO SANTIAGO COMMUNITY COLLEGE ASSOCIATED STUDENTS  
RECLAMATION DISTRICT # 1000  
RECLAMATION DISTRICT # 1001  
REDEVELOPMENT AGENCY OF THE CITY OF FRESNO  
REGIONAL WATER AUTHORITY  
RESCUE FIRE PROTECTION DISTRICT  
RINCON DEL DIABLO MUNICIPAL WATER DISTRICT  
RINCON VALLEY FIRE PROTECTION DISTRICT  
RIO LINDA WATER DISTRICT  
RIVERSIDE COUNTY LAW LIBRARY  
SACRAMENTO COUNTY LAW LIBRARY  
SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT  
SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION  
SACRAMENTO SUBURBAN WATER DISTRICT  
SALIDA FIRE PROTECTION DISTRICT  
SALINAS VALLEY SOLID WASTE AUTHORITY  
SAN BERNARDINO, CALIFORNIA STATE UNIVERSITY, STUDENT UNION  
SAN DIEGO RURAL FIRE PROTECTION DISTRICT  
SAN DIEGO STATE UNIVERSITY ASSOCIATED STUDENTS  
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY  
SAN FRANCISCO HEALTH AUTHORITY  
SAN FRANCISCO CREEK JOINT POWERS AUTHORITY  
SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS  
SAN GABRIEL VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT  
SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
SAN JOAQUIN COUNTY HOUSING AUTHORITY  
SAN JOAQUIN COUNTY IHSS PUBLIC AUTHORITY  
SAN LORENZO VALLEY WATER DISTRICT  
SAN LUIS OBISPO - CAL POLY -- ASSOCIATED STUDENTS, INC.  
SAN LUIS OBISPO COUNCIL OF GOVERNMENTS  
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY  
SAN MATEO COUNTY LAW LIBRARY  
SANTA ANA WATERSHED PROJECT AUTHORITY



APPENDIX D

SANTA CLARA COUNTY HEALTH AUTHORITY  
SANTA CLARA COUNTY OPEN SPACE AUTHORITY  
SANTA CLARA COUNTY SCHOOLS INSURANCE GROUP  
SANTA CLARITA VALLEY SCHOOL FOOD SERVICES AGENCY  
SANTA CRUZ CONSOLIDATED EMERGENCY COMMUNICATIONS CENTER  
SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION  
SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION  
SANTA MARIA PUBLIC AIRPORT DISTRICT  
SANTA NELLA COUNTY WATER DISTRICT  
SANTA YNEZ RIVER WATER CONSERVATION DIST., IMPROVEMENT DIST. NO. 1  
SCHOOL RISK AND INSURANCE MANAGEMENT GROUP  
SCHOOLS EXCESS LIABILITY FUND  
SCHOOLS INSURANCE AUTHORITY  
SCOTT'S VALLEY FIRE PROTECTION DISTRICT  
SELMA CEMETERY DISTRICT  
SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT  
SEWER AUTHORITY MID-COASTSIDE  
SHAFTER WASCO IRRIGATION DISTRICT  
SHASTA AREA SAFETY COMMUNICATIONS AGENCY  
SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT  
SHILOH PUBLIC CEMETERY DISTRICT  
SILICON VALLEY ANIMAL CONTROL AUTHORITY  
SOLANO COUNTY MOSQUITO ABATEMENT DISTRICT  
SOLANO COUNTY WATER AGENCY  
SOLANO TRANSPORTATION AUTHORITY  
SONOMA MARIN AREA RAIL TRANSIT DISTRICT  
SONOMA STUDENT UNION CORPORATION  
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY  
SOUTH BAYSIDE SYSTEM AUTHORITY  
SOUTH COAST WATER DISTRICT  
SOUTH PLACER FIRE DISTRICT  
SOUTHERN SONOMA COUNTY RESOURCE CONSERVATION DISTRICT  
SOUTHWEST TRANSPORTATION AGENCY  
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY  
STATE WATER CONTRACTORS  
STEGE SANITARY DISTRICT  
STOCKTON EAST WATER DISTRICT  
SUISUN RESOURCE CONSERVATION DISTRICT  
SUTTER CEMETERY DISTRICT  
SUTTER COUNTY HOUSING AUTHORITY  
THREE VALLEYS MUNICIPAL WATER DISTRICT  
TOWN OF ATHERTON  
TOWN OF LOOMIS  
TOWN OF LOS ALTOS HILLS  
TOWN OF MORAGA  
TOWN OF PARADISE  
TOWN OF PORTOLA VALLEY  
TOWN OF ROSS  
TOWN OF SAN ANSELMO  
TOWN OF TIBURON  
TOWN OF WINDSOR  
TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
TRE-CITY MENTAL HEALTH CENTER  
TURLOCK MOSQUITO ABATEMENT DISTRICT  
UPLAND CITY HOUSING AUTHORITY  
VALLEY SPRINGS PUBLIC UTILITY DISTRICT  
VENTURA COLLEGE FOUNDATION  
VENTURA COUNTY SCHOOLS BUSINESS SERVICES AUTHORITY  
VENTURA COUNTY SCHOOLS SELF-FUNDING AUTHORITY

APPENDIX D

VENTURA PORT DISTRICT  
WEST CITIES COMMUNICATION CENTER  
WEST COUNTY TRANSPORTATION AGENCY  
WEST STANISLAUS IRRIGATION DISTRICT  
WEST VALLEY WATER DISTRICT  
WESTBOROUGH WATER DISTRICT  
WESTERN CONTRA COSTA TRANSIT AUTHORITY  
WESTLANDS WATER DISTRICT  
WOODSIDE FIRE PROTECTION DISTRICT  
YOLO COUNTY COMMUNICATIONS EMERGENCY SERVICES AGENCY  
YOLO COUNTY HOUSING AUTHORITY  
YOLO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT  
YORBA LINDA WATER DISTRICT  
YUBA COUNTY WATER AGENCY  
YUBA SUTTER TRANSIT AUTHORITY

## APPENDIX E

### • GLOSSARY OF ACTUARIAL TERMS

## Glossary of Actuarial Terms

### Accrued Liability

The total dollars needed as of the valuation date to fund all benefits earned in the past for *current* members.

### Actuarial Assumptions

Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability and retirement rates. Economic assumptions include investment return, salary growth and inflation.

### Actuarial Methods

Procedures employed by actuaries to achieve certain goals of a pension plan. These may include things such as funding method, setting the length of time to fund the past service liability and determining the actuarial value of assets.

### Actuarial Valuation

The determination, as of a valuation date of the normal cost, actuarial accrued liability, actuarial value of assets and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

### Actuarial Value of Assets

The actuarial value of assets used for funding purposes is obtained through an asset smoothing technique where investment gains and losses are partially recognized in the year they are incurred, with the remainder recognized in subsequent years.

This method helps to dampen large fluctuations in the employer contribution rate.

### Amortization Bases

Separate payment schedules for different portions of the unfunded liability. The total unfunded liability (or side fund) can be segregated by "cause", creating "bases" and each such base will be separately amortized and paid for over a specific period of time. This can be likened to a home mortgage that has 24 years of remaining payments and a second on that mortgage that has 10 years left. Each base or each mortgage note has its own terms (payment period, principal, etc.)

Generally in an actuarial valuation, the separate bases consist of changes in liability (principal) due to amendments, actuarial assumption changes, or methodology changes and gains and losses. Payment periods are determined by Board policy and vary based on the cause of the change.

### Amortization Period

The number of years required to pay off an amortization base.

### Annual Required Contributions (ARC)

The employer's periodic required annual contributions to a defined benefit pension plan, calculated in accordance with the plan assumptions. The ARC is determined by multiplying the employer contribution rate by the payroll reported to CalPERS for the applicable fiscal year. However, if this contribution is fully prepaid in a lump sum, then the dollar value of the ARC is equal to the Lump Sum Prepayment.

### Class 1 Benefits

Class 1 benefits have been identified to be the more expensive ancillary benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 1 benefit will be responsible for the past service liability associated with such benefit and will be required to pay a surcharge established by the actuary to cover the ongoing cost (normal cost) of the Class 1 benefit.

## APPENDICE

### **Class 2 Benefits**

Class 2 benefits have been identified to be the ancillary benefits providing one-time increases in benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 2 benefit will be responsible for the past-service liability associated with such benefit.

### **Class 3 Benefits**

Class 3 benefits have been identified to be the less expensive ancillary benefits. Class 3 benefits may vary by rate plan within each risk pool. However, the employer contribution rate will not vary within the risk pool due to the Class 3 benefits.

### **Entry Age**

The earliest age at which a plan member begins to accrue benefits under a defined benefit pension Plan or risk pool. In most cases, this is the same as the date of hire.

(The assumed retirement age less the entry age is the amount of time required to fund a member's total benefit. Generally, the older a member is at hire, the greater the entry age normal cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

### **Excess Assets**

When a plan or pool's actuarial value of assets is greater than its accrued liability, the difference is the plan or pool's excess assets. A plan with excess assets is said to be overfunded. The result is that the plan or pool can temporarily reduce future contributions.

### **Entry Age Normal Cost Method**

An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e., level % of payroll).

### **Fresh Start**

When multiple amortization bases are collapsed into one base and amortized over a new funding period. At CalPERS, fresh starts are used to avoid inconsistencies that would otherwise occur.

### **Funded Status**

A measure of how well funded a plan or risk pool is. Or equivalently, how "on track" a plan or risk pool is with respect to assets vs. accrued liabilities. We calculate a funded ratio by dividing the market value of assets by the accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets.

### **Normal Cost**

The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost plus surcharges should be viewed as the long term contribution rate.

### **Pension Actuary**

A person who is responsible for the calculations necessary to properly fund a pension plan.

### **Prepayment Contribution**

A payment made by the employer to reduce or eliminate the year's required employer contribution.

### **Present Value of Benefits**

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for current members.

### **Risk Pools**

Using the benefit of the law of large numbers, it is a collection of employers for the purpose of sharing risk.

### **Rolling Amortization Period**

An amortization period that remains the same each year or does not decline.

## APPENDICE

### Side Fund

At the time of joining a risk pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of your plan. Your side fund will be amortized on an annual basis, with the actuarial investment return assumption. This assumption is currently 7.75%. A positive side fund will cause your required employer contribution rate to be reduced by the Amortization of the Side Fund shown in REQUIRED CONTRIBUTIONS. A negative side fund will cause your required employer contribution rate to be increased by the Amortization of the Side Fund. In the absence of subsequent contract amendments or funding changes, the Side Fund will disappear at the end of the amortization period.

### Superfunded

A condition existing when the actuarial value of assets exceeds the present value of benefits. When this condition exists on a given valuation date for a given plan, employee contributions for the rate year covered by that valuation may be waived.

### Unfunded Liability

When a plan or pool's actuarial value of assets is less than its accrued liability, the difference is the plan or pool's unfunded liability. The plan or pool will have to temporarily increase contributions.

## Attachment B

### Full Time Equivalents by Employee Unit

Employee Unit	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY08-09	FY 09-10	FY 10-11
ABMEI	91	107	95	97	97	91	94	95	84	57	55
AEA	192	232	234	243	215	264	266	276	274	236	202
ALP										46	43
AMSP	99	108	107	102	93	88	92	100	102	86	79
CAMP	275	319	355	347	340	356	391	418	452	411	360
CEO	219	253	247	230	215	214	220	217	227	216	191
IAFF	713	716	715	714	711	711	739	753	747	739	660
IBEW	81	93	92	90	84	82	83	86	84	81	75
MEF	2756	2966	2904	2739	2454	2417	2477	2510	2438	2294	1958
OE#3	880	903	913	895	836	808	827	851	840	818	772
POA	1357	1377	1377	1377	1377	1344	1354	1368	1383	1375	1273
Unit 99	322	353	349	349	336	277	281	291	295	238	242
Unrep Non-Mgmt	28	27	31	31	30	20	20	28	28	28	0
<b>GRAND TOTAL</b>	<b>7013</b>	<b>7453</b>	<b>7418</b>	<b>7213</b>	<b>6787</b>	<b>6672</b>	<b>6843</b>	<b>6992</b>	<b>6953</b>	<b>6623</b>	<b>5910</b>